

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,001

Wednesday February 16 1983

D 8523 B

Australia's poll:
the problem that
won't go away, P. 12

NEWS SUMMARY

GENERAL

Argentine officials face probe

Argentina's military Government has pledged its backing for a series of investigations into alleged corruption by officials since 1976.

This is part of a policy agreement reached by President Reynaldo Bignone and the junta, which covers the pledge to hold elections by the end of the year.

The agreement seems to have checked the threat of a major split between the armed forces and the politicians, and made less likely the possibility of a major Cabinet reshuffle, though ministerial changes are still thought possible. Page 4

Polish pledge

Poland's rulers pledged to consult the new plant-level trade unions, set up to replace Solidarity, on broad economic and social policy. But they will not allow a national union structure earlier than 1985. Page 3

Death tolls mount

Deaths in election campaign violence in Assam rose to 272 in two weeks, said United News of India. In Dacca, Bangladesh, two days of battles between police and students brought five deaths.

Mafia arms seized

Italian police seized a shipment of arms believed to be sent from U.S. Mafia members to underground gangs in Italy.

Heart-lung implant

Doctors in a Munich clinic completed West Germany's first heart-lung transplant. They said the eight-hour operation was a success.

Stereo ban sought

Dutch Socialist Wim Albers has asked the European Parliament to ban drivers from wearing stereo headphones on the grounds of road safety.

Heart man better

Artificial heart recipient Dr Barney Clark has been moved out of intensive care in Salt Lake City, and his condition upgraded from "serious" to "fair".

Soviet buoy found

Norway has recovered a Soviet buoy in the North Sea that contained listening equipment, possibly for monitoring oilfield activities.

Fraser's new policy

Australian Premier Malcolm Fraser said tougher rules to combat union unrest would be a major policy item in Liberal Party policy for the March 5 general election. Page 6

No number, no job

An Iranian who was offered a job was disqualified because he failed to guess the identity card of Ayatollah Ruhollah Khomeini, the country's leader, it was revealed in an official newspaper.

Carnival gun blast

Television viewers saw a policeman spray a Haiti carnival float with machine gun fire when a band leader ignored an order to keep moving past the cameras. Apparently there were no injuries - spectators dived to the ground or fled.

Briefly...

Turin police say electrical failure or a dropped cigarette were the likely causes of the Sunday cinema fire that killed 64.

Spanish civil servants, including diplomats, lawyers and doctors, started a pay strike.

British artist David Hockney won the Hamburg Foundation's DM 25,000 (\$10,000) Shakespeare Prize.

BUSINESS

S. Africa prime rate cut to 16%

SOUTH AFRICAN banks are cutting their prime lending rate from 17 to 16 per cent, nine days after the Government lifted exchange controls on non-residents in an attempt to reduce domestic liquidity. Page 14

DOLLAR lost ground on renewed hopes of a U.S. discount rate cut. It fell to DM 2.4065 (from DM 2.4155), FFfr 6.825 (FFfr 6.8425), SwFr 1.994 (SwFr 2.0085) and Y231.75 (Y235). Its Bank of England trade-weighted index fell from 119.5 to 118.7. Page 24

STERLING gained 30 points to \$1.5415, but eased to DM 3.7125 (DM 3.72). FFfr 10.52 (FFfr 10.53), SwFr 3.075 (SwFr 3.0825), and Y360.5 (Y361.75). Its trade-weighted index rose from 80.7 to 80.8. In New York the pound closed at \$1.5427. Page 24

COPPER prices reached their highest levels for nearly three years in London, with the high-grade cash price £12 up at £1098 (\$1678.7). Page 31

GOLD rose \$3.25 in London to \$301.5. In Frankfurt it went up \$3.50 to \$305.1, and in Zurich by \$3 to \$308.5. In New York the Comex February settlement was \$305.8 (\$308.4). Page 31

WALL STREET: Dow Jones closed down 4.0 at 1093.10. Page 27. Full share listings, Pages 28-30

LONDON: FT Industrial Ordinary index gained 1.2 to 661.5. Government Securities showed gains averaging about 0.7 per cent. Page 27. FT Share Information Service, Pages 32-33

TOKYO: Nikkei Dow index edged up 3.4 to 8135.42. Stock Exchange index edged down. Pages 27, 30

HONG KONG: Closed, holiday

AUSTRALIAN all-shares index slipped by 0.9 to 514. Pages 27, 30

FRANKFURT: Commerzbank index closed at 779.9, up 0.8 from Friday. Page 27, 30

BNOC (British National Oil Corporation) expects to recommend new UK prices on Friday. Industry forecasts cuts of up to \$3.50 a barrel, followed by Opec cuts of \$4.

NORTHROP, U.S. aerospace group, reported net fourth-quarter earnings of \$18.5m against \$17.1m and net for the year of \$54.4m (\$47.9m), attributing the fall largely to costs of developing the F-20 Tigerhawk jet fighter.

ISRAEL'S cost-of-living index rose 8.5 per cent in January, a record for the month.

ITT has asked the U.S. federal court, which must approve of the reorganisation and investment plan of its bigger rival AT & T, to award it the right to use the name Bell, its symbol and trademarks. Page 14

INI, the Spanish state holding company, has estimated losses of Ptas 90bn (nearly \$700m) for 1982, 10 per cent less than in 1981. Page 3

FIRST TENNESSEE National Corporation has been named to buy the United American Bank of Knoxville, declared insolvent. Page 14

ARCO, U.S. oil company, says Norway's Saga Petroleum has hired too-costly drilling rig for a shared arrangement in a North Sea block in which they have stakes. Page 3

Editorial comment: Cyprus; UK tax reform

UK Parliament: guillotines and charades

U.S. Fed: Volcker should set an inflation target

Banks: Continental Illinois tries to repair image

Hungary: first step towards electoral reform

Technical Reports: Weather

Europe: 2-3

Companies: 15

America: 4

Financial Futures: 31

Overseas: 15, 26

Companies: 16, 17

World Trade: 8

Britain: 9

Companies: 18-21

Agriculture: 31

Appointments: 7

Arts: 11

World Guide: 11

Business Law: 21

Commodities: 31

Currencies: 34

Mexico calls for bridging finance in \$5bn aid delay

BY PETER MONTAGNON IN LONDON AND WILLIAM CHISLETT IN MEXICO CITY

Mexico is seeking a large bridging loan from the 13-bank advisory group that has been spearheading negotiations on rescheduling \$19.7bn of its \$80bn foreign debt, due to delays in completing the proposed \$5bn loan from Western commercial banks.

The request will be discussed by the advisory group later in the week. Sr Angel Curria, Mexico's Director of Public Credit, said yesterday he was confident that a bridging loan of \$400m to \$500m would be arranged.

The disclosure of Mexico's request came as something of an embarrassment to some advisory group members. They feared it might lead to a further loss of confidence in Mexico by appearing to underscore the precariousness of the country's external finances, so it had been planned to keep any operation secret.

One banker in New York said yesterday that the Mexican request was legitimate because it had planned to complete the \$5bn term loan at the start of January. "It is a tribute to their management that they have been able to carry on for so long without this money."

Mexico still hopes to sign the \$5bn credit at the end of the month with a first tranche of \$1.7bn being drawn very quickly afterwards. The loan has been delayed for three main reasons - the very complex job of drawing up the 150-page

Nigeria is in early discussions with its foreign bankers for a club Eurocredit of about \$1bn to repay part of its \$3bn trade arrears, Reuters reports from London.

legal documentation, continuing uncertainties over Mexico's willingness to take some responsibility for its \$14bn private-sector debt and the uphill struggle to reach the \$5bn target for commitments from the country's 1,400 creditor banks.

Commitments to the loan now stand at \$4.625bn. Bankers admit that it has become a difficult task to raise the balance from smaller and smaller banks, but they are determined to do so under a formula yet to be agreed between the Mexican authorities and the leading banks.

A further step forward over the past week has been a firm commitment from Mexico to provide principal repayments on loans outstanding to private sector companies which agree to reschedule them along approved lines.

This commitment is expected to be teleaxed shortly to all creditor banks in the hope that it will satisfy those, estimated at about a quarter, whose contributions to the \$5bn credit are contingent on satisfactory arrangements being made for the private sector.

If granted, the bridging loan would be provided by the advisory committee banks at roughly the same interest rate as that foreseen for the six-year, \$5bn credit that will bear a margin of 2 1/2 per cent over the U.S. prime rate. It would be repaid out of the \$5bn credit.

Commercial bank participation in the \$5bn credit has been urged by the International Monetary Fund as a vital contribution to Mexico's economic recovery plan.

For this year, Mexico has drawn up a highly intricate set of cash-flow forecasts.

Mexico, however, was still able last week to pay a first \$60m instalment of interest payments due from the private sector but missed since its liquidity crisis broke last August. International capital markets, Page 26

UK industrial output lowest since 1967

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

MANUFACTURING production in the UK fell to its lowest level since 1967 last year, according to the latest official figures, released yesterday.

These showed that the average level of manufacturing output in 1982 was 1.2 per cent lower than in 1981 and 1.5 per cent below its level at the peak of the present economic cycle, in 1979.

The figures, which confirm the gloomy outlook suggested last year by successive surveys of industry by the Confederation of British Industry, the UK employers' organisation, give little ground for optimism that the much-heralded recovery of the UK economy is yet under way.

However, the Treasury is still optimistic that an improvement in world trade should contribute to a

modest recovery this year, and its latest unpublished forecast is believed to suggest that output might grow by perhaps 2 per cent in the current year compared with last year.

Much will depend on whether the recent tentative signs of recovery of the U.S. economy are confirmed during the next few months. This would provide a much-needed boost to world trade, as well as to business confidence.

Yesterday's figures showed a slight increase in the overall index of production between 1981 and 1982, but this was the result of increased oil output. In the rest of the economy, the picture was bleak.

Output from most sectors was sluggish or declining last year, although the food, drink and tobacco industries showed a 1 per cent in-

crease in output compared with the previous year.

In spite of generally buoyant consumer spending, particularly towards the end of the year, output from the consumer industries fell by 1.5 per cent last year compared with the average for 1981.

The increased consumer demand appears to have been satisfied largely by imports and from stocks, which continued to be run down in the second half of the year, to the surprise of many forecasters, including those at the Treasury.

Imports of manufactured goods rose by 8.5 per cent in volume terms last year, although there seemed to

Continued on Page 14
Information technology warning, Page 9

Brussels challenge to French machine tool aid

By John Wyles in Brussels

THE EUROPEAN Commission yesterday challenged the French Government's plans to inject capital into its machine tool companies.

The capital aids would distort competition by allowing companies to refinance themselves on better terms than those available in the markets, the Commission said.

Yesterday's announcement follows the veto placed by the Commission last month on France's bid to cut manufacturing costs in the clothing industry by reducing the social charges paid by employers.

The Commission's challenges to French recovery plans for both the machine tool and textile industries aimed at "reconquering the domestic market" are threatening to spark off a major confrontation between Brussels and Paris over the appropriate use of state funds to revive ailing industries.

In the last few years, the Commission has insisted on industrial restructuring as a condition for allowing state aids, whereas the Socialist government in France is aiming at recovery and import substitution with a minimum of job losses.

In return for capital aid the French companies are required to sign a form of planning agreement with the Government, defining their economic and industrial goals.

If, after receiving further information from the French Government, the Commission confirms its objections to the aids, France must either abandon them or face a case at the European Court.

The Commission has, however, authorised the provision of loans to help machine tool users acquire new machinery.

When rejecting France's bid to reduce the social charges paid by employers in the clothing industry last month, the Commission said the reductions - introduced last April - amounted to an operating aid not linked to a restructuring programme or to a strategy to adapt the companies to changed market conditions.

But its attack on France's textile strategy went even wider by demanding the withdrawal of two other aid schemes dating back to 1965 and 1967.

Continued on Page 14

France, Italy seek closer aircraft ties

BY DAVID MARSH IN PARIS

FRANCE and Italy hope to step up collaboration in the aircraft industry as part of efforts to boost economic and political co-operation agreed during two days of summit talks which ended in Paris yesterday.

French President Francois Mitterrand and Italy's Prime Minister, Sig Amintore Fanfani, declared their agreement on nuclear arms strategy and the Middle East.

They underlined the French Government's wish to hold its relationship with Rome to something like the same cordiality as its traditional link with West Germany and they agreed to organise future Franco-Italian summits every six months. Bono-Paris meetings are held at these intervals.

Sig Fanfani told a joint press conference that Italy was sympathetic to participation in the controversial A-320 Airbus project to build a 150-seater aircraft for launching on the world market in the late 1980s.

The French Government has pressed for a firm decision on the programme from the other main Airbus partners, Britain and West Germany, but doubts over the state of the world airline market have so far delayed progress.

Mr Charles Fiterman, France's Transport Minister, has already said Aerialia of Italy, as well as de Havilland of Canada and Fokker of

the Netherlands, could join the consortium making the aircraft.

Sig Fanfani added that Italy was studying the possibility of buying Airbus A-300 wide-bodied aircraft. An Italian order, which could be for five aircraft, would come as a considerable relief to the Airbus consortium, which has suffered from the cash-starved state of world airlines.

The two leaders also spoke optimistically of existing Franco-Italian co-operation in the joint manufacture of the ATR-42 short-haul aircraft. President Mitterrand said this project was advancing ahead of forecasts.

The meetings, attended by an additional five ministers from each side, discussed industrial co-operation in the nuclear, steel and electronic fields. But the Italians promised no firm measures to reverse what the French regard as a worrying trend in bilateral trade.

France last year recorded its first trade deficit with Italy since 1969 - a shortfall of FFfr 4.3bn (\$830m) after a surplus of FFfr 3.7bn in 1981 - mainly due to a 24 per cent increase in imports from Italy.

On enlarging the EEC, Sig Fanfani said he agreed with President Mitterrand's suggestion last month for a conference of Mediterranean states to discuss the consequences of Spanish and Portuguese membership.

Sony proceeds with French video factory

BY DAVID HOUSEGO IN PARIS

SONY, the Japanese electronics manufacturer, has decided to go ahead with plans to build a video cassette factory in south-west France.

Last month, it suspended the plans in protest at the French Government's restrictions on the import of video tape recorders (VTRs).

Sony said yesterday that it had received no assurances from the Government that it would end its requirement that imported VTRs must be processed through customs at Poitiers. But it believed that the success of the negotiations between the European Community and Japan showed that a solution was in sight.

The French position is that a decision on whether to lift the Poitiers

restrictions will be taken in the light of a full review of the voluntary export restraints to which the Japanese have agreed, both over VTRs and other products. A decision is not expected before the EEC Council of Ministers has studied the agreement.

Sony's announcement in January that it was suspending its plans to invest FFfr 141m (\$26.6m) in a video cassette plant at Dax in south-west France was a clear attempt to put pressure on the French Government to lift the Poitiers restrictions.

Sony's decision follows a similar change of mind by Akai, the Japanese television and radio manufacturer, which said at the end of last year that it was shelving plans to assemble VTRs at Honfleur.

Hyster UK in pay cut deal

By Mark Meredith in Edinburgh

WORKERS AT the Hyster forklift truck plant in Irvine, Scotland, have voted for a 9.8 per cent cut in basic pay rates to return for a £60m investment programme by the U.S.-owned company.

Mr William Kilkenny, chairman of the world's second-largest forklift truck maker, said last night the response from the workers so far had shown there was sufficient support for the plan, even though final voting figures would not be known before noon today.

That is the deadline which has been set for employees to return a form signalling their agreement. "It looks like we are over the hurdle," he said.

He is expected to announce formally later today that he will go ahead with the investment programme, which has extensive government backing.

Continued on Page 14

TeleVideo offers 6.25m shares

BY LOUISE KEHOE IN SAN FRANCISCO

TELEVIDEO SYSTEMS, a manufacturer of computer terminals and small business computers in California's Silicon Valley, is about to make one of the largest initial share offerings to the public known in the U.S.

It is to sell 6.25m shares at an expected price of \$18 to \$18.50 each for a total of up to \$112.5m. In contrast, Apple Computer, the highly successful maker of personal computers, raised \$101m in its initial offering in December 1980. Despite the large offering, California stockbrokers expect the issue to be over-subscribed.

The company has been profitable almost from the moment it was formed. Sales have grown from under \$1m in 1977, when the only product was a video game monitor, to more than \$98m in 1981-82. Net profits were \$12.7m last year.

From the manufacture of video display units - the screens of personal computers, desk-top compu-

ters and terminals - TeleVideo has moved into the fast-paced, competitive small business computer market.

TeleVideo's products have a reputation for quality and have been highly successful in the marketplace. TeleVideo is not, however, an innovator. Its strategy is to pick up on winning features introduced by competitors and to offer them at competitive prices.

Last month, for example, TeleVideo announced the availability of a "mouse" controller for its small business computers only one day after Apple launched Lisa - the first personal computer with a "mouse," a device which moves a cursor around the screen. TeleVideo's price is only \$99.

TeleVideo also sells a personal computer matching the features of the successful IBM personal computer, at a price about seventh lower.

Take a short cut to Wales.

I understand that companies moving to Wales have a wide choice of brand new factories and warehouses, and can also benefit from a wealth of financial incentives. Please tell me more.

Name: _____ Position: _____
Nature of business: _____
Company: _____
Address: _____

Tel No: _____
WELSH DEVELOPMENT AGENCY
100, PLYMOUTH ROAD, AVON, GLOUCESTERSHIRE GL1 1UL TEL: 01452 34111

FT/7, B/83

CONTENTS

Europe	2-3
Companies	15
America	4
Financial Futures	31
Overseas	15, 26
Companies	16, 17
World Trade	8
Britain	9
Companies	18-21
Agriculture	31
Appointments	7
Arts	11
World Guide	11
Business Law	21
Commodities	31
Currencies	34
Editorial comment	12
Eurobonds	26
Euro-options	24
Financial Futures	31
Gold	26
Int. capital markets	13
Letters	22
Lex	14
Management	22
Men and Matters	12
Mining	19
Money Markets	34
Raw Materials - Sources	27, 30
Stock Markets - Sources	27, 30
- Wall Street	27-30
- London	27, 32-33
- London indices	31
Technical Reports	32
Weather	14

Australia: wage problem will not go away	12
UK Parliament: guillotines and charades	13
U.S. Fed: Volcker should set an inflation target	13
Banks: Continental Illinois tries to repair image	15
Hungary: first step towards electoral reform	14

Editorial comment: Cyprus; UK tax reform	12
Lex: Bassishaw/UDS; UK tax; Daigety; Guinness	14
N-power: French dilemma over uranium sales	2
Shipbuilding: dust settles over RSV's fall	17
Management: Charterhouse goes for buy-outs	22

EUROPEAN NEWS

France is in a dilemma over 'sensitive' customers for its hard-hit N-industry, writes David Marsh

Mushroom clouds shade French nuclear horizon

SEVERAL hundred feet below the rolling granite landscape north of Limoges in central France, pick-axe wielding uranium miners battered with their British visitor about the England v France rugby match and the soft-porn film-star girlfriend (who has made quite a splash in France) of Prince Andrew.

On the surface, at the headquarters of the La Crouzille uranium mining division of Cogema, the government-owned nuclear company, the conversation had an altogether more serious side.

The La Crouzille mines—grouping the biggest uranium deposits in Europe—provide the centrepiece of the ambitious French nuclear energy programme, aimed at boosting the nuclear-generated share of electricity production to 70 per cent by the 1990s—from 40 per cent at present—and cutting dependence on imported oil and gas.

But the mining community is feeling the squeeze from the world-wide plunge in the uranium price—down to about \$20 a pound at present from \$44 at the end of 1979—and the recession-induced slowdown in N-plant construction. Especially after the latest slump in the oil price, the uranium market is not expected to improve significantly for several years.

One result of the uranium

malaise confronts France with delicate dilemmas over exporting uranium which could be diverted for use in nuclear weapons.

The French Government is looking more keenly for export business to assure outlets for Cogema's production and for the massive enrichment facilities built up in France.

Most of the nations at present shopping for uranium are, however, on the "politically sensitive" list. France officially defines its nuclear non-proliferation policy as one of "rigour—but adaptability." The worry is that in coming years, France may show itself as too adaptable over weapons safeguards in its drive to build up a strong role as a nuclear supplier abroad.

Back in the uranium-bearing sector of France's Massif Central, the Cogema mines are seen only as a blessing. The rocky, windswept area has little other local industry.

Officials hand out pro-nuclear stickers. The mines and associated facilities provide work for about 1,000 people. As one mining worker put it: "The mines keep the local economy going—sub-contractors, shops and small businesses."

The first important deposit of pitchblende—uranium oxide—was discovered near the village of La Crouzille in 1948. Now, France is held to have about

120,000 tonnes of uranium reserve. Although they are Europe's biggest, they are still less than one-tenth of the reserves of the U.S.

Since the war, the French atomic energy business has had no difficulty buying up concessions in the La Crouzille area. Loadowners, officials say, have been only too willing to sell out because of the infertility of the soil.

In spite of the depressed price

Most nations shopping for uranium now are on the "politically sensitive" list. The worry is that France may show itself too adaptable over weapons safeguards in its drive to build up a strong role as a nuclear supplier abroad.

for the mineral, the lure of the uranium business is still strong. Total, the French oil company, paid FFr 300m (£28m) at the end of last year to buy from the Empain Schneider group the rich Dong Trieu uranium near the La Crouzille concessions.

Total argues that the deal, which promoted it to France's second largest uranium mine after Cogema, made sense because the uranium business is at a cyclical low.

Of that, the La Crouzille miners have no doubt. Produc-

tion has stagnated, some open-pit mines have been closed and recruitment halted.

Although La Crouzille's output is planned to increase slightly to 940 tonnes this year, it will remain in the 900 to 1,000 tonne range in the next few years—considerably below the region's potential output of 1,200 tonnes and its record production of 1,180 tonnes in 1981.

The mines, which sell most

of their output to the state treatment plant is working below capacity and the engineers who run it are making every effort to cut costs.

The fully automated plant acts like a giant chemistry laboratory in converting uranium-bearing mineral brought in by lorries from 15 surrounding mines into powdery uranium oxide-based yellowcake.

Capacity was almost doubled in 1978 to take a maximum 1.1m tonnes of mineral a year. Officials admit ruefully that, at the time, the uranium price looked set to break through the \$50 barrier. Instead, it slumped as low as \$17 at one point last year leaving a gaping hole in the plant's finances.

Total—French-controlled uranium production, including the output bought by Cogema from its mining interests abroad—mainly Niger, Gabon and Canada—is around 7,000 tonnes a year.

This year it may fall, with production in Niger, from which France buys uranium at a preferential price of around \$30 per pound, likely to drop sharply.

EDF takes about 6,000 tonnes a year, with the rest used by the French military, stockpiled or exported.

By 1980, the amount taken by EDF is officially estimated to rise to nearly 10,000 tonnes a year. But the risk that uranium

needs may falter increases the need to find export outlets. A more pressing reason is severe under-capacity in France's uranium enrichment industry.

The big multinational Eurodif plant, at Tricastin, in the south of France, has been operating at only 50 per cent of capacity recently, and two small sections of the military enrichment plant at nearby Pierrelatte, also used for civilian purposes, have been closed.

France already supplies uranium to Japan, Sweden, West Germany and Belgium under contracts dating from several years ago. It has contracts with utilities from the same group of countries, plus Switzerland and Spain, to carry out reprocessing of spent fuel, separating waste products and plutonium, at the Cogema plant at La Hague near Cherbourg.

At the end of last year, Paris agreed to deliver enriched uranium to India, replacing U.S. supplies which had to be suspended after passage of President Jimmy Carter's Nuclear Non-Proliferation Act in 1978.

France's readiness to climb down from previous insistence over safeguards in the Indian deal has raised doubts whether non-proliferation scruples will fall by the wayside in the French bid to stake a strong claim on the nuclear export market.



President Helmut Kohl: call for nuclear-free zone

Bonn and E. Berlin open talks

By Leslie Collett in East Berlin

HIGH-LEVEL talks between East and West Germany began yesterday in East Berlin on the entire range of relations between the two countries as well as on European disarmament.

Herr Uwe Renssburger, chairman of the West German parliamentary committee on Inner German Relations, said East Germany's recent proposal on the creation of an all-German zone free of tactical nuclear weapons should be "very carefully studied."

President Erich Honecker has urged Bonn to join East Germany in declaring their territories part of a European nuclear-free zone.

Herr Renssburger yesterday met Herr Kurt Haebler, East German Communist Party's leading expert on West Germany, as well as Herr Kurt Nier, the Deputy Foreign Minister, and Herr Karl Seidel, who heads the West German department in the East German Foreign Ministry.

The visiting Bonn politician is a member of the liberal Free Democratic Party which, in the current general election campaign, is stressing its role as the guardian of Ostpolitik which it helped to create while allied with the former Social Democrat-led government in Bonn.

The East German leadership is faced with the possibility that the Free Democrat Party might disappear in the election on March 6, allowing a wholly conservative West German Government to adopt a much tougher line towards its eastern neighbor.

Court rules today on W. German election

By James Buchan in Bonn

WEST GERMANY'S supreme judicial body, the Federal Constitutional Court, will give its ruling today on whether a general election can be held next month without violating the country's basic law.

In a decision awaited with some anxiety in Bonn, the eight judges of the court in Karlsruhe will rule if President Karl Carstens acted rightly to dissolve Parliament on January 7 after Chancellor Helmut Kohl contrived to lose a vote of confidence in himself before Christmas.

This was seen of the time as the least painful means of getting round the constitutional repugnance to mid-term elections.

The suit was brought in January by four parliamentary deputies of different parties.

The judges' august deliberations have in no way hampered what is already one of the most vicious election campaigns since the foundation of the Federal Republic. None the less, in the past week, reports have appeared saying that a majority of the judges will find for the suit which will badly embarrass both Chancellor and President.

Informal opinion suggests, however, that the court will think twice before over-riding Chancellor, Parliament and President or going against the express wish for an election by all the parties represented in Parliament.

A decision to broadcast the ruling live over the television, suggesting drama of the highest order, was reversed yesterday.

Many people take the view of Herr Willy Brandt, chairman of the Social Democrat Party, who thinks the judges will confirm the March 6 election date, if not necessarily unanimously, but will criticise the "fudged" confidence vote in the Bundestag on December 17. They could also ask—see the Christian Democrat floorleader, Herr Alfred Dregger, suspects—for a change in the constitution after the election to prevent a repetition of the whole business.

West Germans are extremely touchy about their constitution, but altering it would be relatively painless if the future of the Government did not depend on it.

Swiss unemployment at highest level for years

BY JOHN WICKS IN ZURICH

SWISS UNEMPLOYMENT last month reached its highest point in nearly seven years. The number of jobless registered with labour exchanges increased by 18.2 per cent over the December figure to a level of 27,864. Not since March, 1976, have so many Swiss been without work.

The overall unemployment rate of 0.9 per cent is very high for Switzerland which, until a few years ago, did not appear in international statistics because its rate was below 0.1 per cent.

The problem now is particularly marked in Canton Valais, with 3 per cent unemployment and in the watch-making areas of Canton Neuchâtel and Jura, with 2.1 and 1.9 per cent respectively.

The Federation of Swiss Trade Unions considers the sharp January increase to be a seasonal phenomenon, rather than showing any substantial deterioration in the economy. Nevertheless, the figure is almost 240 per cent above that for the same month last year.

The Government hopes for an improvement in the labour market in spring or early summer and does not expect the

unemployment average for the year to top 1 per cent. However, concern at rising unemployment and short-time working recently led the Federal Council to propose a SwFr 970m (£320m) economic recovery and job creation programme, to be presented to the spring session of Parliament.

There were more foreigners in the Swiss population last year than at any time since 1977. Excluding seasonal workers and employees of international organisations, the number of resident aliens rose by 1.7 per cent to reach nearly 526,000 by the end of December. This is equal to 14.5 per cent of the population.

More than 526,000 were in work. A further 108,350 were crossing international frontiers daily to work in Switzerland, while some 13,390 were active as seasonal workers. This means that foreign nationals account for something like 21 per cent of the entire Swiss workforce.

A further stunning block is the question of a besetted readjustment after nine months in the event of higher-than-expected inflation—a principle that is incorporated in the national agreement, but which the government fears would upset its budget calculations.

The 1983 employer-union pact, providing for wage increases of 9.5 and 12.5 per cent, was formally signed yesterday after last-minute reticences in the Communist trade union, Comisiones Obreras.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$40.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Spain's civil servants in three-day pay protest

BY DAVID WHITE IN MADRID

SEVERAL THOUSAND senior Spanish civil servants were staging the first day of an unprecedented strike yesterday as Spain's main employer and labour organisations put their signatures to 1983 wage guidelines.

The officials, including customs officers, finance inspectors and diplomats, have been called out by the Federation of Senior Civil Service Corps in protest against the fact that they are not represented in pay negotiations under way with the Government.

The federation, which claims to represent 10,000 government officials, has called a total strike for three days and more limited industrial action for an indefinite period thereafter until its demand is met.

The Government, which is hoping to conclude a pay agreement for the civil service this week within the framework of the national wage guidelines, has replied that "it is impossible to negotiate with 946 different associations."

The strike was reported to

have had a 70 per cent following yesterday.

In negotiations with the three principal trade unions, the Government has offered an average 12 per cent pay increase for the civil service this year, in line with the inflation target. But the unions are pressing for 12.5 per cent, the maximum foreseen in the national pact.

A further stumbling block is the question of a besetted readjustment after nine months in the event of higher-than-expected inflation—a principle that is incorporated in the national agreement, but which the government fears would upset its budget calculations.

The 1983 employer-union pact, providing for wage increases of 9.5 and 12.5 per cent, was formally signed yesterday after last-minute reticences in the Communist trade union, Comisiones Obreras.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$40.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Introducing National Networks.

The search for total capability in business communications is over

Voice, data or text. Across the site...across the street...across the town...across the Nation...across the world.

British Telecom has established National Networks with a simple structure and a single aim:

To provide complete network capability for our business customers.

Services. Products. Financing. Maintenance and support. All the resources required to move information from one location to another.

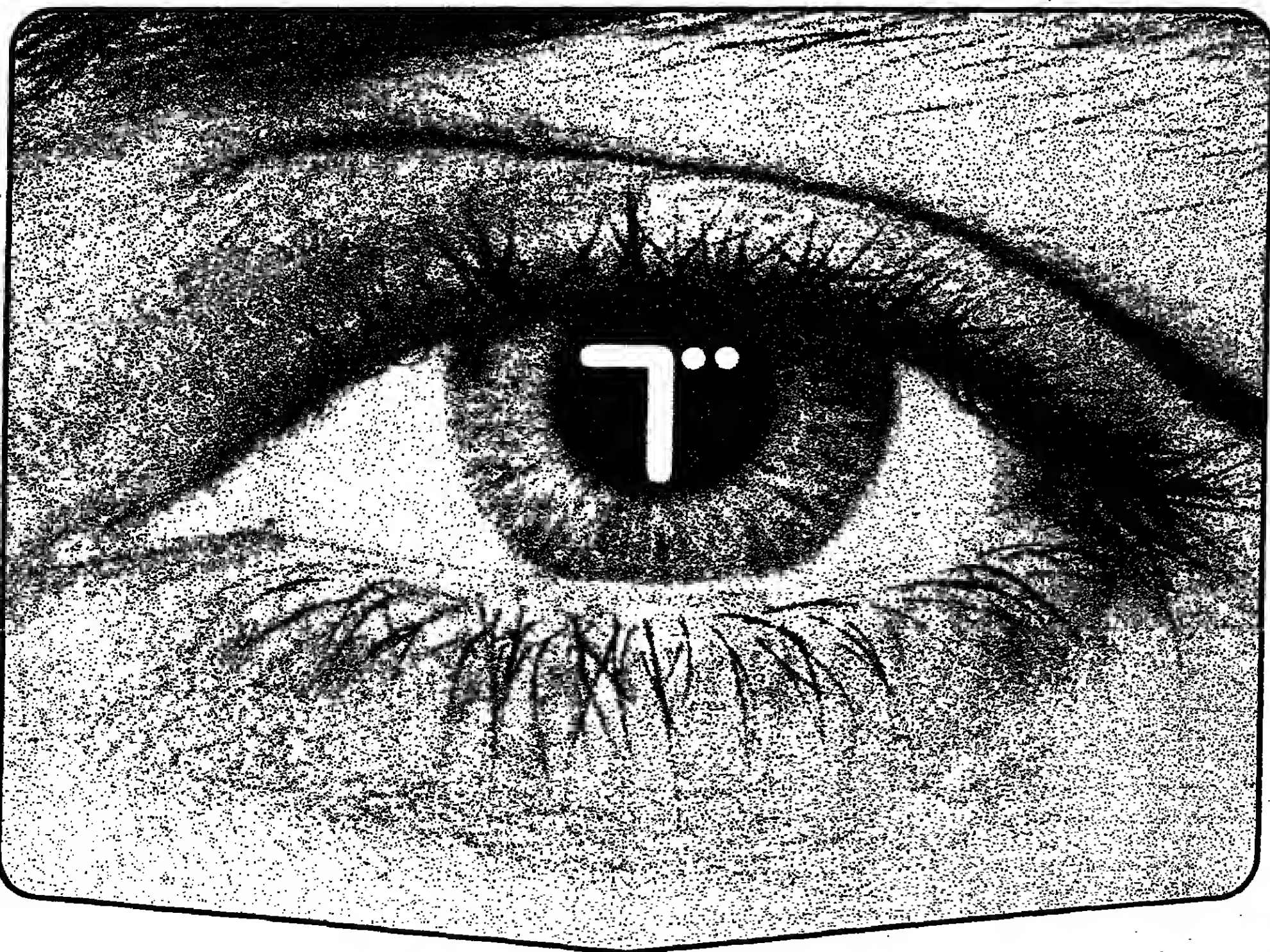
In any form—voice, data, graphics or text

using the most advanced techniques available.

National Networks brings into sharp focus all the multi-disciplinary experience of British Telecom—one of the 'big four' in world communications. An integrated team of specialists provides every customer with a tailored solution to his problems.

The communications revolution is under way. National Networks is dedicated to bringing its benefits to British business.

How to contact us? Simply ring our central enquiry point on 01-623 5131.



Better communications for business. **T National Networks**
British Telecom

حکذا من الاصل

EUROPEAN NEWS

Spain state holding company cuts deficit

By David White in Madrid

SPAIN'S many-tentacled state holding company, Instituto Nacional de Industria (INI), is expected to show a reduction of about 10 per cent in its losses for last year, according to officials.

But financial recovery at the \$100bn-a-year group, which accounts for almost half the country's public-sector foreign debt, is overshadowed by the prospect of its having to take on extra burdens in problem sectors.

INI's losses for last year are put at about Ptas 90bn or close to \$700m, compared with just more than Ptas 100bn in each of the two previous years.

Exports increased by about 20 per cent to more than 30 per cent overall sales. Turnover was up about 20 per cent.

The bulk of the losses continued to stem from six companies—in the steel, shipbuilding and motor industries—out of the group's 70 direct subsidiaries.

The INI-controlled Seat, the country's top car manufacturer, is reported to have lost a further Ptas 22bn last year, a figure similar to the two previous years.

This was the fifth consecutive annual loss at the car company which is preparing to produce Volkswagen models under a recent agreement with the West German manufacturer.

INI has just completed arrangements for a syndicated credit package in dollars and pesetas for a total equivalent of \$360m, after difficulties over conditions.

Questions about future burdens have been raised after a government decision to press ahead with an iron ore pelletisation project—Presur—in south-west Spain, under INI control.

The project, shelved because of the cost of supplying gas from the Gulf of Cadiz, was reconsidered after labour protests. INI originally had a minority share with other partners including Lurgi of West Germany.

Cheysson Moscow visit marks thaw in relations

By David Housego in Paris

M. CLAUDE CHEYSSON, the French Foreign Minister, will fly to Moscow today for a four-day visit that marks a slight thawing in Franco-Soviet relations.

The French are anxious that the Russians should not interpret the gesture as signalling any watering down of their strongly-held position over Poland and Afghanistan. It was the hostility of the French Socialist to Russian actions in both countries that led President François Mitterrand's administration to freeze relations with the Soviet Union on coming to power.

M Cheysson is the first French Foreign Minister to visit Moscow since the visit of M Jean François Poncelet in 1979. Under former President Giscard d'Estaing's Government France believed it had a privileged access to Moscow among western nations which in turn reinforced French influence with the U.S.

The visit reflects the French desire to make their own first-hand assessment of the new Soviet administration of Mr Yuri Andropov and to explore whether there is any sign of change in Soviet policy.

In particular M Cheysson is expected to probe the Soviet bargaining position over the deployment of intermediate range missiles while emphasising that French weapons can not be taken into account in any agreement between the Soviet Union and the U.S.

There are no plans for M Cheysson to meet Mr Andropov, though this is not ruled out. It is also possible that a future visit to Russia by President Mitterrand will be discussed.

Paris is also anxious that Moscow take measures to reduce its trade

surplus with France which reached FFfr 8.5bn (\$1.24bn) last year.

The Russians have been attempting to use this to persuade the French to break ranks with other Western nations over credit, trade and transfer of technology issues. There is no sign that France has been doing this.

The French view is that normal commercial relations with the Soviet Union must continue but that France supports Western embargoes on the export of goods of strategic or military importance. France is not, however, prepared for what it considers U.S. attempts to wage "economic war" on the Soviet Union.

On the trade issue, France is expected to press the Soviet Union to accept contracts denominated in other currencies, such as the D-

mark. For the French, this is a way of getting round the unfair advantage that France believes countries such as West Germany have in trade with the Soviet Union as a result of the new agreement on export credits to Russia.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won". The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.



M. Claude Cheysson

Mark. For the French, this is a way of getting round the unfair advantage that France believes countries such as West Germany have in trade with the Soviet Union as a result of the new agreement on export credits to Russia.



M. Gaston Defferre

Bid to head off strike by doctors in Italy

By Our Rome Staff

THE ITALIAN Health Minister, Sig Renato Altissimo, is expected to hold talks today with leaders of unions representing 70,000 hospital doctors in a last-ditch attempt to prevent a work-to-rule becoming a strike.

Industrial action by the doctors continued to disrupt health services throughout Italy yesterday as the two-month-old agitation for better salaries and working conditions dragged on.

There were widespread reports of patients discharging themselves from hospitals rather than face long waits for treatment because of overtime bans.

Prefects in several areas have cancelled leave for national health service doctors, but the measure appeared to have little success in restoring order in most hospitals.

The doctors say that workloads in hospitals have reached an intolerable level because the Government has cut projected expenditure on health services in an attempt to curb the runaway public deficit.

A law abolishing Italy's psychiatric hospitals has also put pressure on state general hospitals by obliging them to take in mental patients.

The threat to step up the industrial action has received little support from Italian public opinion, not least because of an influenza epidemic which has put many people in hospital.

Hospital doctors in Athens and the nearby port city of Piraeus went on a 24-hour strike yesterday demanding higher wages and shorter hours, AP reports.

Polish Government promises to consult new trade unions

By David Buchan in Warsaw

THE POLISH Government yesterday promised to consult the new plant-level trade unions—set up to replace the Solidarity movement—on broad economic and social policy. But it refused to accelerate its timetable prohibiting a national union structure until 1985.

Mr Stanislaw Ciosek, the Trade Union Minister, said that 5,600 new unions had been set up in factories and that the courts were receiving dozens of applications for union registration each day. In the 45 days since unions became legal again in Poland, 1m workers, or nearly 10 per cent of the work force, had joined the officially-sponsored factory unions. He told a news conference.

This progress, he said, was despite workers' "natural reserve" towards unions, because of the course Solidarity took and of doubts whether any unions could have much freedom of manoeuvre in Poland's economic crisis. He said workers who boycotted the new unions were "trying to jump on the opposition horse."

Mr Ciosek admitted that union membership was minimal in many of Poland's large factories. This was due to the work there of "political opponents," he claimed.

Separately, Mr Jerzy Urban, the Government spokesman, confirmed that protest demonstrations, marking the monthly commemoration of martial law on December 13 1981, had been dispersed on Sunday evening by police in Warsaw, Gdansk and Wrocław. Citing police reports, he denied independent accounts that tear gas and batons had been used.

Mr Ciosek said: "the new unions are developing seriously, and we will treat them



Mr Ciosek... claims 1m union members

seriously." But he declined to say how, except to suggest that government officials might take soundings from unions in the 100 largest factories on new policy measures.

"We do not want to violate the process of political normalisation," he said, in reference to the law prohibiting sector-wide unions until 1984 and nationwide unions until 1985.

The 1m strong membership of the new unions so far compares to the nearly 10m who belonged to Solidarity at its peak. A contributory reason for the low turnout in the new unions is that Communist party members in factories have not joined en masse, apparently out of a desire not to compromise the credibility which the Government wants to foster for the unions.

Polls show French Left is resisting municipal challenge

By David Housego in Paris

THE FRENCH LEFT has taken heart from a number of local opinion polls that show that Socialist mayors are holding off challenges from the opposition more successfully than had been expected.

In 12 towns currently controlled by Socialist or Communist councils where opinion polls have been carried out by IPSOS—Europe 1, the Right emerges as favourite to win in only one.

The towns where the polls show the Left as continuing to retain its majority include Brest, where only a small swing is needed to dislodge the Socialist mayor; Rennes where M Edmond Hervé, the Minister of

Energy, who is also the local mayor, has been under pressure; and Marseilles, the municipality dominated by M Gaston Defferre, the Interior Minister.

Overall, in the 20 towns polled by IPSOS there is a strong movement in favour of the outgoing mayor—a fact which strongly benefits the left, which, after its 1977 gains controls the majority of the large municipalities. Furthermore in two of the six towns—now under right-wing majorities, the opinion poll gives the left a chance of recapturing the town councils.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

Behind this change of perspective lies the belief that the Left is now mobilising its supporters and that the popularity of mayors already in office is working in its favour.

National opinion polls continue, however, to reflect disappointment with the Socialist administration.

The findings of the polls were by the seized on by the Paris morning

papers yesterday as coinciding with other signs that the Right is growing less sure of victory.

The right wing daily Le Quotidien carried an editorial warning that the battle "was not yet won".

The pro-Socialist Le Matin, on the other hand carried a headline proclaiming that "the left is not certain of losing the municipalities."

AMERICAN NEWS



Congress expected to approve \$8.4bn contribution to IMF

By ANATOLE KALETSKY IN WASHINGTON

THE Reagan Administration is increasingly confident that Congress will approve the \$8.4bn U.S. contribution to the expansion of the International Monetary Fund agreed last week by Mr. Donald Regan, the U.S. Treasury Secretary, and representatives of the IMF's 145 other member countries.

In a series of appearances before Senate committees this week, Mr. Regan has run into less antagonism towards the IMF than he had expected, according to Administration officials.

Although many Congressmen still want to attach various caveats to legislation on new IMF contributions, Congressional opinion appears to be focusing increasingly on relatively non-controversial issues relating to bank regulation.

Over the past few months, however, Democrats have threatened to make additional IMF funding conditional on changes in monetary policy or on job creation measures from President Reagan. These threats are now unlikely to jeopardise the plan, partly because President Reagan has already conceded on the jobs issue. But the Democratic Party leadership has also warned Congressmen against "playing politics" with what is increasingly recog-

nised as the vital need to boost the IMF's resources. Yesterday Mr. George Shultz, the Secretary of State, added his voice to Mr. Regan's in warning the Senate foreign relations committee that failure to address the international banking crisis could endanger a U.S. economic recovery and cost the U.S. jobs.

But like Mr. Regan, who testified before the Senate appropriations committee, Mr. Shultz also cautioned the commercial banks against trying to pull out of developing countries at this critical time. He said that private banks had a "collective interest in extending sufficient new money to permit the developing countries to service their debt" and warned that the "precipitous drop in new lending" in the second half of 1982 would "imperil the recovery of the debtor countries" unless it was reversed.

Mr. Reagan said that progress on IMF funding would help stabilise financial markets and help to lower interest rates. He also pledged that the U.S. Treasury and the Federal Reserve Board would co-operate in making every effort to protect the banking system of the U.S. in the unlikely event that a major third world default could not be prevented.

Argentine junta backs corruption investigation

By Jimmy Burns in Buenos Aires

ARGENTINA'S military Government has pledged its backing for a series of investigations into cases of alleged corruption by senior officials since the 1976 coup, as part of a compromise agreement on broad policy guidelines reached by President Reynaldo Bignone and the junta on Monday night.

The agreement, which includes a promise to hold elections by the end of this year, appears to have ended—at least for now—the threat of a major split within the armed forces and of a clash with civilian politicians.

The prospect of an imminent Cabinet reshuffle, with the sacking of Sr. Jorge Webbe, Economy Minister, also appeared to need to be addressed, though there is a possibility of some ministerial changes over the next few weeks.

The investigations would cover the activities of military courts and civilian judges. They would be accompanied by a new Press law aimed at restricting unfounded speculation.

The junta, under intense pressure from within its own ranks is reported to have threatened to sack President Bignone unless urgent steps are taken to restore the shattered prestige of the armed forces.

Junior and middle-ranking officers, apparently backed by some senior generals, including Gen. Juan Carlos Trimar, the commander of the key 1st Army Corps, had been demanding a thorough house-cleaning to offset increasing criticism from politicians and the media. The investigations will include allegations of misuse of funds by government officials responsible for foreign borrowing or in charge of state enterprises.

The investigations will question the rapid increases in Argentina's foreign debt since 1976, although major changes in economic policy have apparently been ruled out.

Confirmation of the military Government's pledge to hold elections later this year, probably in November, was initially welcomed by the politicians yesterday. The Multipartidaria—the loose coalition of Peronists, radicals, Christian Democrats, the Intransigent Party and the Movement for Integration and Development—had earlier been pressing for an election in about July.

But most politicians yesterday privately voiced relief that Argentina's latest political crisis had not resulted in the indefinite postponement of transfer to civilian rule, as demanded by some hardliners within the armed forces.

Free elections are scheduled to be held next year for the first time in 16 years amid considerable political uncertainty. The death in 1981 of General Torrijos, the country's benevolent and charismatic strongman, has laid bare the infighting in the Revolutionary Democratic Party (PRD) which was formed in 1978 from within the Government to try to forge a lasting alliance from the disparate elements supporting the general.

The PRD embraces businessmen and Marxists and is struggling over the soul of Gen. Torrijos.

There are now 14 other political parties in an electorate of barely 800,000 and the National Guard is reluctant to return completely to the barracks. This has become a contentious issue among the Liberal and Christian Democrat groups opposing the PRD.

Gen. Rubén Darío Paredes, the head of the National Guard and a conservative populist, has thrust himself into the political arena and is the PRD's presidential candidate in all but name. He is expected to retire from the Guard later this year and to formally accept the PRD

Jobs plan set for speedy approval

By REGINALD DALE, U.S. EDITOR IN WASHINGTON

A NEW PACKAGE of legislation to promote jobs and combat unemployment appeared to be heading for speedy approval in Congress yesterday after both Democratic and Republican leaders agreed to pull for early action.

The major question remained how far the Democrats would try to increase the funds offered, by in effect challenging President Ronald Reagan to veto a more substantial sum.

Mr. Reagan's proposal is for a \$4.5bn "emergency" jobs programme, plus almost \$3bn to extend unemployment benefits in the areas worst hit by recession. Other measures bring the total sum up to \$7.4bn. The Democrats have said they want to add \$1bn, and that they only regard the measure as a first step.

Republican leaders appealed

to the Democrats yesterday not to tuck the legislation with extra provisions, saying that it could become law, and start stimulating employment, by late March or early April with prompt Congressional action.

Mr. Robert Michel, the House Republican leader, said that further measures could be taken up later.

While criticising Mr. Reagan's proposal as inadequate, the Democrats have tried to present it as a sign that he is beginning to accept the need for the sort of comprehensive job creation legislation they themselves have long advocated.

Mr. Reagan has in the past opposed what he calls "make work" proposals, and threatened to veto a similar Bill at the end of last year. But he does not want to seem to be opposing efforts to promote employment

in the new Congress—particularly as he is now putting the emphasis on bipartisan measures to solve the nation's economic problems.

The White House will argue that the new Bill is not really a "make work" measure, as it only involves projects, such as Federal construction, that were already in the budget. The Democrats deny this and claim that the final package will include a lot of "new money."

They annoyed the White House by leaking some of the plan's details earlier this week to prove their point. Mr. Reagan was planning to make a splash with the proposal at a nationwide news conference set for tonight.

Michel... wants to postpone further measures



William Chislett, recently in Panama City, sees signs of strain Panama faces a delicate moment

PANAMA, the home of the canal which acts as a vital funnel for international trade and also of the largest offshore banking centre in the Americas, has long been immune from the economic and political problems afflicting most of the rest of Latin America.

The economy, which revolves around services like the canal and the Colon free trade zone, the largest in the Western hemisphere, and commodity exports including sugar and bananas, has been the area's showpiece. And the country is politically stable, although it is not a democracy.

There is a civilian government under President Ricardo de la Espriella, but the National Guard staged a coup in 1968, under General Torrijos, is still the power broker.

Indeed the visitor to Panama (population 1.9m) finds it difficult to believe that the country is part of Central America, one of the world's most explosive corners, and not an island.

The fact that there are 130 foreign banks based in Panama with assets (which in banking terms means loans) of \$49.2bn and deposits of \$42bn (as of September 1982), most of them borrowed on the international money market, underlines the degree to which the country is viewed as a safe haven. Panama City, with its dozen or so skyscrapers housing banks, resembles a miniature Wall Street.

However, Panama is now facing serious economic and political problems at a delicate moment in its history.

Free elections are scheduled to be held next year for the first time in 16 years amid considerable political uncertainty. The death in 1981 of General Torrijos, the country's benevolent and charismatic strongman, has laid bare the infighting in the Revolutionary Democratic Party (PRD) which was formed in 1978 from within the Government to try to forge a lasting alliance from the disparate elements supporting the general.

The PRD embraces businessmen and Marxists and is struggling over the soul of Gen. Torrijos.

There are now 14 other political parties in an electorate of barely 800,000 and the National Guard is reluctant to return completely to the barracks. This has become a contentious issue among the Liberal and Christian Democrat groups opposing the PRD.

Gen. Rubén Darío Paredes, the head of the National Guard and a conservative populist, has thrust himself into the political arena and is the PRD's presidential candidate in all but name. He is expected to retire from the Guard later this year and to formally accept the PRD



once in the international capital markets, even to its small borrowing requirements. The markets have become cautious after being severely jolted by the Mexican and Brazilian debt crises. Some observers believe the country will not find it easy to meet its gross external borrowing requirement of \$550m, although there are so many banks on its doorstep.

Panama will seek to refinance \$200m of principal repayments falling due as well as borrow \$250m of new money.

President de la Espriella, a conservative technocrat who replaced the more left-wing Sr. Aristides Roca last July after he was forced out by the Guard, is pursuing an austere programme.

This year's budget shows no real growth at all in public expenditure and wages are being held down. He is also actively promoting greater foreign investment.

Panama is expected to renew its programme with the International Monetary Fund when it expires in April and it could be for as much as \$300m, three times the present credit, according to reliable sources.

The World Bank is also understood to be studying the idea of a structural adjustment

loan of \$100m to \$200m as direct balance-of-payments support.

The immensely ambitious Cerro Colorado project to develop, at an estimated cost of \$3bn, one of the world's biggest reserves of copper with Ilim Tinto-Zinc, the British multinational, has been indefinitely postponed.

The most explosive issue facing the Government is in the banana industry, a major source of export revenue and of employment. The Chiriqui Land Company, a subsidiary of United Brands, the U.S. multinational, is locked into a dispute with the Government over its desire to close down about one-third of its operations and make 3,000 workers redundant.

Higher domestic costs, strikes and a depressed overseas market have cut the company's profits. It feels that by closing down part of its operations it can maintain the rest. Otherwise it has threatened to pull out of Panama completely.

Such a move would have dire economic and social consequences in a country where about 30 per cent of the workforce does not have a permanent job.

Did you know

that over 40% of the adult population smoke and pay £11,500,000 a day in taxes on tobacco?

Issued by the Tobacco Advisory Council, speaking up for smokers.
Glen House, Stag Place, London SW1E 5AG

FREE BUSINESS TRIP TO NEW YORK.

Now your company's key executives can conduct a face-to-face meeting with your New York associates without leaving London.

INTELMET, the world's first international two-way Video Conferencing system, is a luxurious, permanent conference room facility, with state-of-the-art equipment.

For information about a free trial, call Debbie Brand on 01-409 3131.

INTELMET Video Conferencing.
At the
Hotel Inter-Continental London.
1, Hamilton Place, Hyde Park Corner, London W.1.



London 01-4072525. Luton 0582-429211. Birmingham 021-7714272. Manchester 061-8323353.

XP specialize in the rapid transportation of small parcels (up to 30 kg) and documents, to all parts of Europe.

We guarantee that a parcel collected at your address in the afternoon, will arrive the following day in any of the 1500 towns in the XP delivery network. We also have a tailor-made system for documents - namely our XPack-envelope. The standard charge for this is £16.-door-to-door.

XP is reliable, fast and cheaper than airfreight. If you would like to know more about our services just call Freephone 3738 or complete and post the coupon. We will be happy to send you our Service Guide, the comprehensive travel guide for small parcels and documents.



Please send me your travel guide for small parcels and documents.

Name: _____

For the attention of: _____

Address: _____

Postal Code/City: _____

Telephone: _____

To: XP Express Parcel Systems Ltd.
Building 96, Percival Way, Luton, LU2 9PA.

XP GUARANTEE OVERNIGHT DELIVERY TO 1500 EUROPEAN DESTINATIONS.

The airline for people who fly to work.



Lufthansa
German Airlines

OVERSEAS NEWS



Malcolm Fraser

Fraser calls for union reforms

By Michael Thompson-Noel in Melbourne

TOUGHER regulations to combat union unrest in Australia will be a major plank of the Government's March 1 general election platform, Mr Malcolm Fraser, the Prime Minister, said last night. Mr Fraser, who was launching the Liberal Party's election campaign, said a re-elected Liberal-National Party would seek power through a referendum, to introduce secret ballots for all trade union elections.

The Government would also seek wider reforms to deal with strikes in key industries such as oil, power generation and transport, and would strengthen the role of the Conciliation and Arbitration Commission.

Ten days ago, Mr Fraser dissolved parliament and called a general election on the grounds that union misadventure was jeopardising the national wages freeze.

The union reforms proposed by the Liberals are by no means sweeping, but Mr Fraser is taking his strategy on the belief they will help the Government capitalise on anti-union sentiment.

To date, most of the election running has been made by Mr Bob Hawke, the new leader of the Australian Labor Party (ALP), whose charisma the ruling Liberals find deeply unsettling.

In contrast to Labor's A\$2.75bn (A\$1.75bn) "national recovery plan" announced last week, the Liberals' election platform is modest and austere. It details a set of initiatives whose total cost, for 1983-84, would be A\$566m. They include an extra A\$12m for defence.

S. Africa, Botswana compete on soda ash project

By BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA and Botswana are competing for a project worth at least R150m (\$134m) to make Southern Africa self-sufficient in soda ash.

Because of the relatively small market in the region, estimated at 250,000 tons a year, it is most unlikely that a viable venture can be started in each country.

A subsidiary of BP, the British

oil and minerals group, is pressing ahead with feasibility studies to exploit brine deposits in the Sun Pan in north-east Botswana. The project is high on the Botswana Government's development priorities, but has been rejected in the past by several other companies mainly because of poor transport and other facilities in the area.

In South Africa, planning has reached an advanced stage to mine salt deposits at the mouth of the Berg River, 100 miles north of Cape Town.

The participants in the venture are AECI, the chemical company in which ICI is a large shareholder, Angloval Mining House, and the state-owned Industrial Development Corporation (IDC).

The three companies have not yet agreed on their shareholdings in the venture, but the IDC will definitely be no more than a minority shareholder, according to Mr Marius de Waal, its managing director.

BP is understood to be promoting the Botswana project on the grounds that it will use a natural process to convert salt to soda

ash, in contrast with what it argues are the less proven technologies being advocated for the South African venture.

Furthermore, Botswana is understood to be reminding the South Africans that as a member of the Southern African Customs Union, it will be free to sell its soda ash in South Africa duty-free. Soda ash from other countries is

likely to be subject to customs duties.

According to Mr De Waal, both BP and the South African partners are likely to submit the conclusions of their feasibility studies to the South African Government by the middle of this year and Pretoria's decision which venture it will support is expected shortly afterwards.

Haddad troops extend territory

By DAVID LENNON IN TEL AVIV

THE ISRAELI-backed southern Lebanese forces of Major Saad Haddad yesterday moved into Nahariya, a former Palestine Liberation Organisation base in southern Lebanon.

At the head of a convoy of tanks and armoured personnel carriers, the rebel Lebanese major said that this was the second stage of the extension of his enclave in southern Lebanon.

Major Haddad has been enlarging his force since the Israeli invasion of Lebanon last June. It now appears certain that he intends to try to take control of all of southern Lebanon within 40km of the Israeli border.

On Monday he moved his forces into Sidon. An Israeli military spokesman said that there was nothing new in this, as Major Haddad's forces have been active in the area since last June.

Nora Boustany adds from Beirut: Thousands of Lebanese soldiers moved into Christian East Beirut and its suburbs yesterday in a large-scale pre-dawn deployment after a special Government decree had given the army commander sweeping powers to supervise security in what has been defined as Greater Beirut.

The decree, issued late on Monday, fell short of a declaration of a state of emergency,

but it empowers Maj Gen Ibrahim Tannous, the army commander, to search for and confiscate firearms, apprehend offenders, control ports of entry, combat smuggling and to ban disruptive meetings. It also allows for the surveillance of foreigners.

Military officials said three brigades and their reserves, a total of 8,000 men, were stand-by to implement the plan for Greater Beirut, which includes East Beirut and stretches in a 10km radius to the north, south and east of the capital.

About 4,500 men were involved yesterday in the Government's first real assertion of power for eight years.

Arafat in clash at PLO assembly

ALGIERS — Mr Yasser

Arafat, Chairman of the Palestine Liberation Organisation, clashed bitterly yesterday with Ahmed Jibril, leader of the PLO's Soviet-influenced leftist minority.

Officials said the two became involved in acrimonious exchanges on the sidelines of the PLO's National Council (PNC), the PLO parliament-in-exile.

Mr Jibril, Secretary-General of the Popular Front for the Liberation of Palestine General Command (PFLP-GC), failed to appear at the council's plenary session yesterday.

AP

Amnesty accuses Egypt of human rights violations

By ROGER MATTHEWS, MIDDLE EAST EDITOR

EGYPT IS accused of serious and repeated human rights violations in a report issued today by Amnesty International.

The London-based organisation says it does not know whether torture has become part of the system for dealing with political prisoners, but adds that "there has been a definite increase in the amount reported over the past year."

Amnesty alleges that suspected opponents of the Government can face years of arrest and re-arrest, sporadic imprisonment and a series of trials under a wide range of laws which limit free expression.

The report quotes examples of prisoners who have been beaten and burned by cigarettes. Other people had been tried on charges on which they had previously been acquitted.

Amnesty says that it is difficult to be sure how many people are being held in Egypt on political grounds. But it believes that hundreds are involved, particularly from left-wing and fundamentalist religious organisations.

Some of Amnesty's findings were sent to the Egyptian Government last June, but there has been no response.

King Hassan walks Moroccan tightrope without right-hand man

By FRANCIS GHILES

MOROCCO WAS already facing considerable difficulties at home and abroad before the death last month of Gen Ahmed Dlimi, who was responsible for both internal security and external intelligence.

The circumstances of his death, in what was officially described as a car accident, fuelled political speculation not least because Gen Dlimi was the most trusted adviser to King Hassan. A French journalist who cast doubts on the official version of the General's death was immediately asked to leave the country.

The recent cancellation of the visit to Britain of the Arab League delegation headed by King Hassan for "internal Moroccan reasons" provides only one example of the problems the monarch will now face without his advisers.

Gen Dlimi had an impressive record of service to the King

stretching back many years. He helped to mastermind the Kolwezi operation which restored President Mobutu's rule in Katanga, Zaire, nearly five years ago. He acted as his master's emissary to Gulf leaders, many of whom rely on Moroccan bodyguards for their security. He carried King Hassan's messages to Baghdad, a capital to which Morocco has lent strong support since the beginning of the Iran-Iraq war 28 months ago.

A few days before his death, Gen Dlimi is believed to have met Algerian envoys in Madrid, in yet another attempt to find a solution to the conflict in the Western Sahara.

The seven-year-old Saharan conflict continues to bleed the Moroccan economy, while the stalemate, both on the battlefield and on the diplomatic front, remains total.

The Reagan Administration

likes to hold up King Hassan as an exemplary ally but gives little help in hard cash.

France's Socialist Government continues to provide the bulk of weapons which Morocco needs, in spite of the fact that arrears on this account are growing. Despite Saudi aid, estimated at more than \$1.5bn (\$986m) annually, Morocco will pay about half its export income this year to service its foreign debt.

King Hassan's diplomatic hand was strengthened last year following the successful Arab Summit in Fez and the monarch's success in preventing the annual summit of the Organisation of African Unity—where the fate of the Western Sahara would have been discussed—from meeting in Tripoli.

In the meantime, Morocco's economy has been severely damaged by declining phosphate

exports, the country's major hard currency earner; the growing protectionism of the EEC, which remains the major market for Moroccan exports of fruit and textiles; and the aftermath of the severe drought in 1979-81.

It was as a colonel on the Western Sahara battlefield that Dlimi won his spurs and was promoted general. He devised the strategy which led to Morocco building a defensive wall to protect the north-west corner of the former Spanish territory, where the very rich phosphate mines of Bu Cra lie.

This reversed previous Moroccan military losses and led to the military stalemate between the Moroccan forces and the Polisario Liberation Movement, which is fighting for the independence of the territory.

Polisario is unable to cross the barrier, while the Moroccan army, increased threefold to

200,000 men since 1975—two-thirds of which are stationed in the Sahara—does not dare venture beyond the protective wall into the territory.

General Dlimi came to international prominence in 1968 when he flew to France, and gave himself up to the French courts, to answer accusations of complicity in the kidnapping of Mehdi Ben Barka, the leader of the Moroccan opposition who disappeared in Paris in October 1968.

This act of bravado was carried out to cover General Dlimi's master, General Mohamed Oufkir, who was King Hassan's right-hand man.

King Hassan has proved a master, throughout the 22 years he has ruled Morocco, at walking tightropes. The loss of his most trusted adviser, can only make the problem the Moroccan monarch faces that much more intractable.



King Hassan

Gloomy forecast for Zimbabwe's economy

By Tony Hawkins in Harare

ZIMBABWE'S largest banking group—Standard Chartered—today forecasts a 3 per cent fall in gross national product during 1983 after a 2 per cent gain last year.

In its February economic bulletin, the bank estimates the country's 1982 current account payments deficit at Z\$500m (£330m)—13 per cent more than in 1981.

The bank says: "1983 is shaping up to be the most difficult year for the economy since 1977-78."

Zimbabwe's foreign debt has quadrupled since independence to Z\$1.5bn (£1bn) and, with the debt service ratio currently standing at 16 per cent, the bank says foreign borrowings would have to be closed by strong export growth and continuing import restraint.

The bank predicts that the inflation rate will reach well over 20 per cent at the middle of this year, compared with 14.5 per cent last year.

It sees little prospect of volume growth in agriculture, while in manufacturing, the fall in output will be steeper than last year's estimated 3 per cent, due to drought, a slowdown in domestic demand and a 25 per cent reduction in 1982 import allocations.

Mining should benefit from last year's 20 per cent devaluation of the currency and from higher bullion prices.

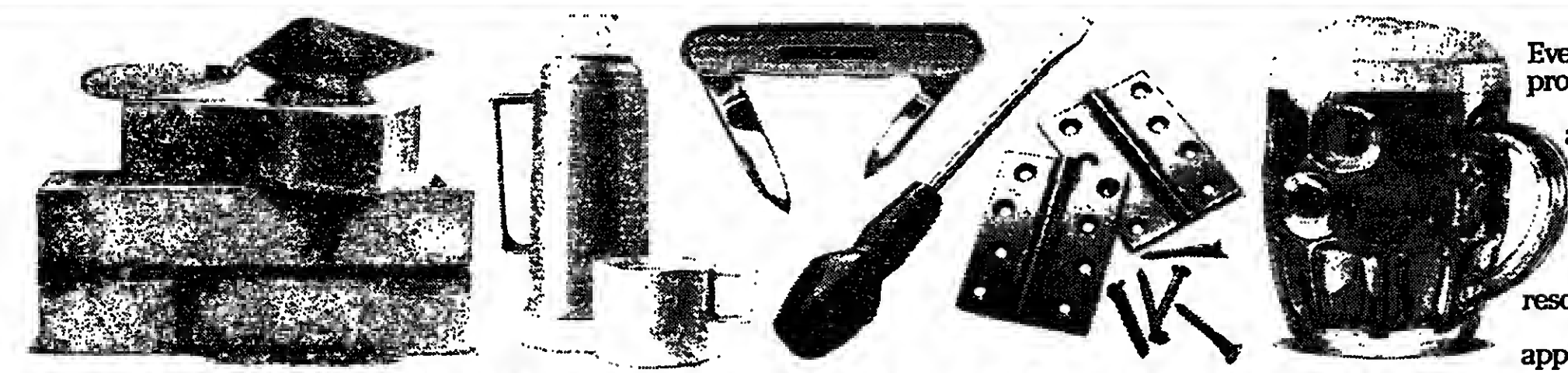
India discovers oilfield

By K. K. Sharma in New Delhi

A MAJOR oilfield has been discovered by India's Oil and Natural Gas Commission near the rich Bombay High offshore structure on the western continental shelf. The first well has yielded a modest 250 barrels a day, but indications are that the field is large and commercially viable.

It is in the Miocene limestone reservoir of the Bombay-Ratnagiri shelf, where it was previously thought that there would be no hydrocarbons.

The commission plans to expand operations in the region



The important ingredient is energy. Every product and every manufacturing process uses it.

But some managements do not always appreciate what a significant proportion of the direct cost of production it represents. Nor the amount by which energy costs have risen over the last decade.

However, energy is one of the easiest resources to control.

And those companies who have applied sound management control over

THESE THINGS HAVE ONE IMPORTANT INGREDIENT THAT EVERY COMPANY SHOULD THINK ABOUT.



NatWest senior post

Mr Frank M. Leeson has been appointed senior manager of NATIONAL WESTMINSTER BANKS' international banking division based in the City. Previously he was senior manager of the industrial section of the corporate financial services department.

Mr Derek Moon, managing director of CURRY'S MICRO-SYSTEMS, will be leaving at the end of April. He joined Curry's in 1979 to set up this company, known as Micro-C, which supplies micro-computers, software and related equipment. While free to concentrate on his consultancy and other interests, he will continue to be available to Curry's in an advisory capacity. He is succeeded as chief executive of Micro-C by Mr Derrick Clarke, the company's commercial director.

HARLEY, MULLION AND CO. has appointed Mr James Russell Fisher (formerly of George Bell (Shipbrokers) and Mr John Gray (formerly of Cleaves Shipbroking) as brokers. Mr Russell-Fisher will assist with trading while Mr Gray will assist with demobilisation tonnage.

Mr Neil Barlow has joined FBC as director of personnel, at the company's international headquarters at Huxton, Cambridge, and is responsible for the personnel function within the group. He comes to FBC from the W. S. Atkins Group, engineering and management consultants, where he was personnel manager. Formed in December 1980, FBC combines the agrochemical interests of The Boots Company and Plough and certain of Plough industrial chemical interests.

Mr Michael Young has been appointed international sales director for SYSTEMATICS INTERNATIONAL MICRO-SYSTEMS. He was UK marketing manager.

Mr Iain Carslaw who joined Gardner Merchant, catering management and consultancy division of Trusthouse Forte, in 1973 has been appointed managing director of new TF subsidiary KELVIN CATERING. Former chairman, Mr Hamish Kinniburgh, has retired due to ill health. Mr Gordon MacKechnie, together with Mr Alex Kerr remain executive directors.

The following have been elected to the executive committee of the ISSUING HOUSES ASSOCIATION for the current year: Mr R. B. Broadley (Barings Brothers & Co), chairman; Mr G. R. Walsh (Morgan Grenfell & Co), deputy chairman; Mr M. V. Blank (Charterhouse Capital); Mr D. Banks (Hill Samuel Ltd); Mr P. J. Byrom (N. M. Roths-

child & Sons); Mr J. N. Fuller-Shapcott (Minster Trust); Mr L. A. N. McIntosh (Samuel Montagu & Co); The Lord Rockley (Kleinwort, Benson); Mr L. J. Scott (Barclays Merchant Bank) and Mr W. E. Valentine (S. G. Warburg & Co).

On March 1 former F. W. Wright & Sons managing director, Mr Ernst-Uwe Hanneck will be returning to NEFF (UK) as successor to Mr Jürgen Emmeler who has become export manager of NEFF Germany. Also joining NEFF (UK) is Mr Wilhelm Reeder as director, from NEFF Germany.

MAN-VW TRUCK AND BUS is splitting sales and marketing into two departments. Mr John Jackson, who has been responsible for both the sales and marketing, will concentrate as marketing manager in building up the product range for the British market. Mr Jeffrey Greenhalgh who was previously director of truck marketing, International Harvester, South Africa, will become the new sales manager at the MAN-VW Swindon headquarters.

Mr William L. Gunlicks, senior vice-president with Continental Bank, has been appointed a managing director of CONFINENTIAL ILLINOIS, London. Mr Peter J. Ackland was named an associate director. Mr Aule D. de Bournet, Ms Linda Yankon Crammond, Mr Charles T. Kramer, Mr Andrea A. Morante, Mr William Warden Rinehart, and Mr Graham L. Walker were appointed managers. Mr Mark A. Blundell and Mr Nicholas H. M. Priddle were named assistant managers.

Focus on redundancy

Mr D. A. G. Sarre has been appointed chairman of the Forum for Counselling and Unemployment Services (Focus), a joint venture set up by the Lloyds Enterprise Agency and Whitbread and Co. Mr Sarre is a director of Boots and Toyne's Hall and is a former director of British Petroleum. Other directors appointed to the Focus board are Mr G. Gosney (United Biscuits (UK)), Mr R. M. Martineau (Whitbread and Co.), Mr J. E. Moorhouse (Shell UK) and Mr R. S. Wright (London Enterprise Agency). Miss B. M. Litchfield, seconded from Whitbread and Co. has been appointed managing director. Focus provides redundancy counselling and job search services under contract to large companies. Its profits are ploughed back into job creation schemes and enterprise agencies.

"I WAS 56 last month and I do not feel old enough to put my feet up although I am three years past retirement age in the Hongkong & Shanghai Bank," says Ian MacDonald, who is being brought back from New York to run TSB Scotland—the first new clearing bank to be formed north of the border for more than a century.

The Scottish savings banks are an independent bunch and proud of the fact that Scotland is regarded by most people (French and German bankers excepted) as the birthplace of the world's savings bank industry. They even have a brass plaque to prove it. In the parish church of Ruthwell, Dumfriesshire, it commemorates a former minister, the Rev Henry Duncan, as the "father of savings banks."

The Rev Duncan opened his first savings bank in a small white booth in Ruthwell in 1810. He was convinced that the importation of the English poor law would destroy the independence of the Scottish people, lessen their incentive to work, loosen family ties and sap initiative and vigour. By setting up a savings bank he hoped to encourage thriftiness.

A year later the Edinburgh-based Society for the Suppression of Beggars started a savings bank and soon the idea was being copied around the world. Savings banks now are very different from what they were in Rev Duncan's day but although the numbers have dwindled over the years the Scottish savings banks have always played a much more important role relative to the Scottish banking market, than the savings banks in England and Wales.

As a group they have assets of £1.2bn, 286 branches and 2,500 staff which makes them slightly smaller than the Clydesdale Bank, the smallest of the three Scottish clearing banks. But with 2m customers (one in four Scots have a TSB account) they have tremendous potential and this is what is worrying the Scottish clearing banks. Customers of Scottish savings banks have traditionally put a greater proportion of their money in passbook savings accounts than has been the case with the English clearing banks. Scottish customers have been brought up to expect a decent rate of interest on their savings. However, the Scottish savings



Rev Henry Duncan's first savings bank (top left); a modern TSB in Scotland (bottom left) and Mr Ian MacDonald (right)

banks have been far less successful in developing their full chequeing account facilities which more and more local retail customers are demanding. Clydesdale Bank, in particular, has provided the Scottish TSBs with stiff competition in this area since it has been offering free banking to any Scot who keeps his or her bank account in balance.

The Scottish TSBs have also been slower than some other savings banks in the UK in developing their personal lending. Although it is six years since the TSBs were allowed to make personal loans, the Scottish banks are still very underlent compared with some other TSBs and more important, compared with the Scottish clearing banks.

The final area where the Scottish savings banks have hardly dipped a toe is in the corporate lending market, which has traditionally been dominated by the Scottish clearing banks but where English and foreign banks have been making in-

creasing inroads over the last few years.

In common with TSBs in the rest of the UK the Scottish TSBs are in the process of reorganising themselves and developing into fully fledged commercial banks offering the full range of banking facilities. The Scottish TSBs are further ahead than their English cousins and a single Scottish TSB is to be formed on May 21, 1983 when the four local TSBs finally merge. As part of the plan the new bank will seek fully recognised status under the 1979 Banking Act and will join the Scottish clearing centre in Edinburgh later this year.

For the Scottish savings banks, 1853 will probably be the most significant year in their history since the Rev Henry Duncan set up his first savings bank just over 170 years ago. They will take their place among the ranks of Scottish clearing banks.

However, they also have to get to grips with a number of

daunting tasks of which the most important are: a need to hold on to their 2m-strong customer base in an increasingly competitive market; the need for a sharp improvement in the profitability of many of the TSB's small Scottish branches; an ability to maintain strong links with the local community while reaping the benefits of being part of a much larger group; and, finally, TSB Scotland has to develop a commercial lending capability plus a willingness to do some international business if it is to convince the Bank of England that it is worthy of recognised banking status.

This is where Mr Ian MacDonald comes in. The Scottish TSBs have realised that if they are to fulfil their ambitions and take their place alongside the other Scottish clearing banks, they will have to swallow their pride, and look outside for some expertise in the areas where they are deficient.

They have been lucky to find

a banker of the stature of Mr MacDonald who should be able to hold his own in Scottish clearing bank circles, especially given the depth of his international expertise. Normally, bankers do not retire until 60 which reduces the number of possible contenders for the top job at the TSB Scotland. But Mr MacDonald's bank, Hongkong & Shanghai, differs from most banks in stipulating that its executives retire at 53, normally. Mr MacDonald is an exception in having stayed on an extra three years already, and was due to retire this year. By a quirk of fate Mr MacDonald can claim some knowledge of Scottish savings banks since he started his career with the local TSB in his native Inverness. But like so many Scottish bankers he made his career in an overseas bank, and joined the Mercantile Bank of India, which was taken over by the Hongkong & Shanghai Bank in 1959.

He notes with some pride that

his deputy in Hong Kong, Willy Purves, was also a Scot, as is Angus Petrie, his deputy in New York, where he has overall responsibility for the group's interest in the Americas.

Given the traditional fierce independence of the Scottish banks and their under-exposure in many of the growth areas of Scottish banking, Mr MacDonald's task will not be an easy one. But as an outsider who has had a successful career in a major international bank he should find it easier than a local savings banker in pushing through the sorts of reforms which will in turn lead to TSB Scotland being taken seriously in the commercial as well as the retail banking markets.

One of his first tasks will be to help sort out the delicate problem of where the headquarters of TSB Scotland should be located. At present the head offices of the four local TSBs are located in Edinburgh, Glasgow, Aberdeen and Dundee.

As the biggest local savings bank, the West of Scotland TSB, is based in Glasgow, this would seem a natural base but there are several bankers who feel that Edinburgh, as Scotland's financial capital, should also lay claim to the headquarters. Others feel that TSB Scotland should plump for an independent head office site in a place such as Dundee.

In Scotland these sorts of issues are playing an important part in the early stages of the new clearing bank.

Meanwhile, one or two small savings banks in Scotland feel sufficiently strongly that, despite the move to larger groupings, they are continuing to soldier on independently.

The Airdrie Savings Bank, which was established in 1835 is one of the few. It has £26m in assets and 80,000 customers. Back in 1835 when the lifetime of state protection was thrown to savings banks in Great Britain, and led to them becoming Trustee Savings Banks, the Airdrie Savings Bank decided to go it alone. And today it still feels the same even if it means it has to accept the ignominy of becoming a licensed deposit taking institution.

"We still relish our independence. We feel we have made the right choice and are able to make quick decisions at our local level without being beholden to anyone else," says one of Airdrie's senior managers.

SCOTTISH SAVINGS BANKS

Getting up to date . . . 173 years on

By William Hall, Banking Correspondent

Electricity for industry. The vital facts every works director needs to know.

In tough economic times, it's important to make optimum use of all resources: plant, materials, labour—and energy.

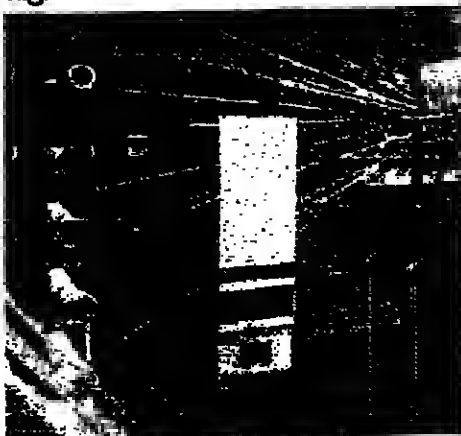
That's where electricity is ready to help by offering a wide variety of cost-effective equipment and techniques for both factory services and production processes.

Just take a look at the many ways electricity can help reduce the cost of factory services, for example.

Electricity. Reduced costs.

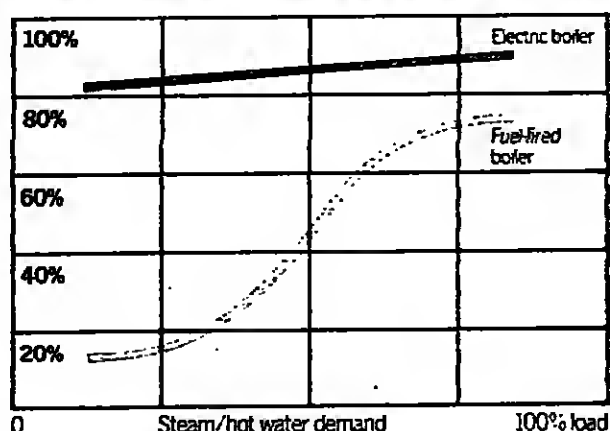
As the figures show, many companies have found that battery electric trucks are cheaper to run than diesel or LPG. For space and water heating too, there is a wide variety of systems available, that are inexpensive to buy and to run. They are easy to install, simple to control and can often operate on low cost night-rate electricity.

Electric steam boilers sited at the point of use can reduce steam costs by allowing the main boiler to be closed down at times of low demand. See how the efficiency of an electric boiler stays high whatever the demand.



Left: Electric heating by Unidare paid for itself in just three years at A.E. Aspinall Ltd. and improved the working environment.
 Right: Henry Watson Potteries Ltd. has reduced energy costs and cut drying times with the installation of an electric heat pump supplied by Westair Ltd.

Efficiency of steam and hot water systems over the load range.



Electricity. Better energy management.

Electrical equipment gives highly efficient energy conversion at the point of use. Operating alone or in tandem with fuel-fired systems, it can often give better overall efficiency and lower operating costs.

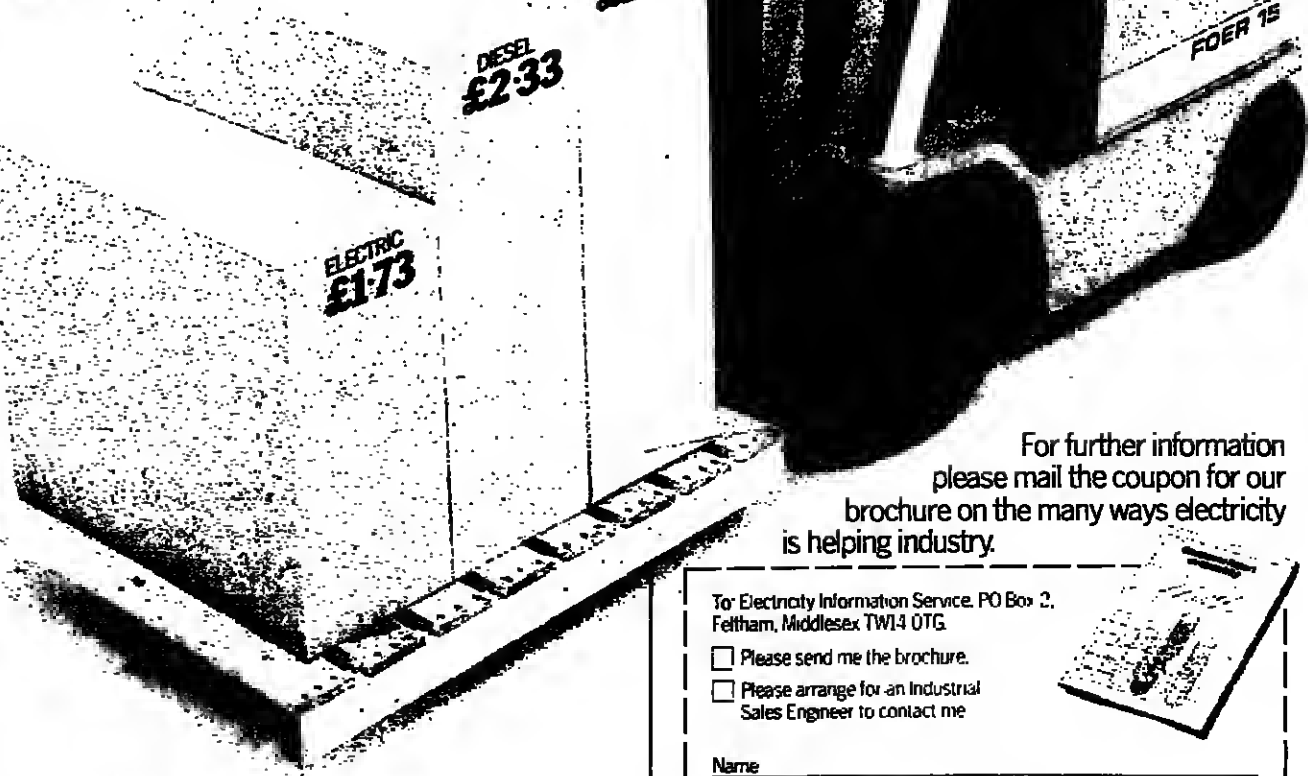
Electric heat pumps are recycling heat that would otherwise be lost to the atmosphere. One pottery company has cut its energy costs by 45%, and a manufacturer of headwear has cut drying costs by up to 75%.

Electricity. Improved environment.

Whatever the application, the environmental advantages are clear to see, hear and feel.

You and your workforce will appreciate the cleaner, quieter working conditions.

Total cost/hour in service for a 2 tonne lift capacity counterbalanced forklift truck operating on a single shift. These figures take into account capital and running costs.



For further information please mail the coupon for our brochure on the many ways electricity is helping industry.

To: Electricity Information Service, PO Box 2, Feltham, Middlesex TW14 0TG.
☐ Please send me the brochure.
☐ Please arrange for an Industrial Sales Engineer to contact me.

Name _____
 Position _____
 Company _____
 Address _____
 Post code _____ Telephone No. _____

THINKELECTRIC
 We have the power to help you.

WORLD TRADE NEWS

Tornado builders tempt Greeks with fish

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

WHAT do fish and the Tornado combat aircraft have in common?

The obvious answer is nothing — except when both are components of a potential major export deal.

Panavia, the three-nation consortium which manufactures the Tornado, will discover over the next three months whether its costly fighter-bomber will find its first export customer. Once upon a time, aircraft and money might have been all that was needed to complete such an export deal.

Today, in its attempt to per-

suade the Greek Government to buy Tornado against competing aircraft from McDonnell-Douglas and General Dynamics of the U.S., and Dassault of France, Panavia has gone much further than offering substantial manufacturing offset for the actual aircraft.

Acting as a "broker," it has offered offset in other defence products, like sea-bed mines and missiles, participation of Greek aerospace industry in production of small civil aircraft, and the participation of non-defence industries in Greece in the transfer of solar and wind energy technology — and in modern fish

farming technology.

Panavia — a consortium of British Aerospace, Messerschmitt-Bölkow-Blom of Germany and Aeritalia — has not put a price on the deal — for "60-100 aircraft." Each equivalent aircraft in Britain — known as the ground attack version, or GR1 — is costing the Ministry of Defence about £15m at 1983 prices.

Final negotiations with Greece, says Panavia, should be completed by the end of the month. Final prices will be submitted by mid-March. Greece is expected to announce its decision before June.

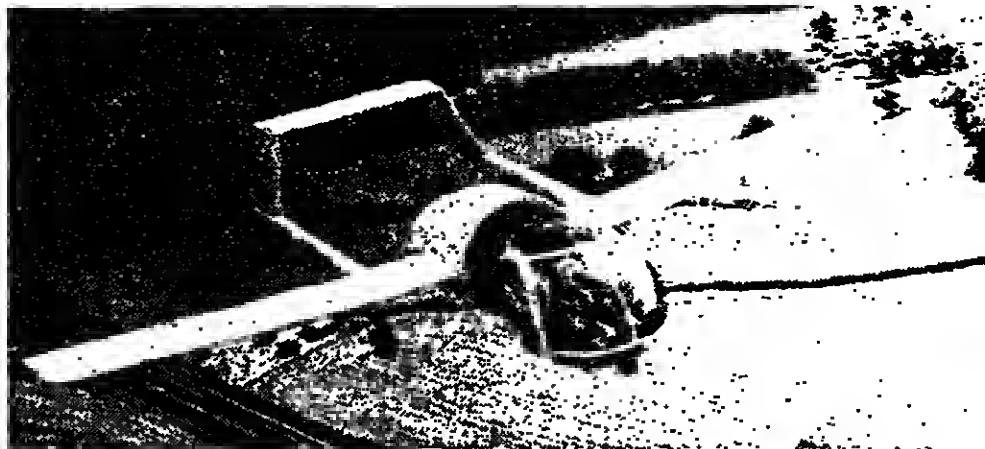
Tornado's other potential customer is Spain, where negotiations are at a much earlier stage. Spain has in fact signed a letter of intent with McDonnell-Douglas to buy 84 F-18 aircraft. However, the purchase, contested by the Socialist Party during last year's election campaign, is now on ice while the Spanish Air Force evaluates Tornado's operational capability.

Last weekend, Panavia received official confirmation of the request to evaluate the aircraft. Panavia will submit an initial proposal based on 84 aircraft — 64 GR1 ground attack

aircraft and 20 trainers.

The Spanish airforce is expected to send a flight evaluation team to Germany shortly. If the results are satisfactory, Panavia will then be asked to submit a much more detailed proposal. This is likely to contain offsets as wide-ranging as those being offered to Greece, company officials say.

Either contract would be a major plus for Panavia, since Tornado has so far failed to win export orders. Overall a total of 800 aircraft are being produced for the RAF, the Luftwaffe and the Italian Air Force.



The fan-driven Optica which can "loiter" at just 57 mph

EXPORTERS AT WORK

Insect-eyed Optica collects a fan club

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BUYERS worldwide are showing increasing interest in a new British aircraft that is challenging the helicopter in its ability to fly slowly for a wide range of tasks, at a substantially lower cost.

Called the Edgley Optica — so named because of the excellent vision afforded by the bulbous "insect-eye" cockpit — the £55,000 aircraft is being built by Edgley Aircraft at its own airfield at Old Sarum, near Salisbury, Wiltshire.

Designed by Mr John Edgley, chairman and managing director of Edgley Aircraft, the aircraft has attracted considerable attention since it first appeared at the 1980 Farnborough Air Show, and of subsequent air shows in Paris in 1981 and Farnborough last year.

The Optica is intended pri-

marily as an observation aircraft. The pilot and two observers in the cockpit have a 270 degrees panoramic view and can see almost vertically downwards at each side and 45 degrees downwards looking ahead.

As a result, a wide range of uses is opened up — aerial photography, television, press reporting, security patrols, traffic watch, oil and gas pipeline inspection, forestry patrols, power-line inspection, coast-guard patrols, archaeological exploration, tourist sightseeing, agricultural duties, game spotting, frontier patrols, geological surveying and aerial mapping, apart from normal transport and communications.

Powered by a U.S.-built Avco Lycoming engine driving a fan, shrouded in a circular duct be-

hind the cabin, the aircraft can loiter at 57 mph, with a stalling speed as low as 46 mph. This makes it ideal for a form of aerial work requiring slow, steady and stable flying. The range is nearly 600 nautical miles, including reserves.

It is not surprising that the Optica has attracted such attention, and is challenging the helicopter in many roles — for it

is about one-third of the price of a helicopter, its operating costs are much less, and it is much quieter.

The aircraft is now in full production at Old Sarum, with an initial run of 200 aircraft planned. Firm contracts total 26 aircraft, but many more aircraft are in negotiation at home and overseas.

The company so far is small

(the investment so far is about £2m), employing only about 40 people, but it is seeking at least another 40 workers, such as fitters, to help cope with the rising work-load.

The aim is to build production up to a rate of two aircraft a month by this September, then to three a month by next year, and to four a month by the end of 1984.

Japan cuts exports of cars to Canada

TOKYO — Japan yesterday unilaterally announced a cut in car exports to Canada during the first six months of this year.

The Ministry of International Trade and Industry (MITI) said exports would be restricted to less than 70,000 units against about 90,000 units in the same period a year ago.

The figure was still 3 per cent higher than 63,000 cars shipped in the latter half of last year. The voluntary restrictions by the Japanese car industry followed an agreement with the U.S. at the weekend that Japan would continue its policy of restraining car exports to the U.S. to 1.6m units into a third year from April 1.

A MITI official said he hoped Japan and Canada would soon start talks to set the level of car exports for the whole of 1983 as agreed upon last week between Mr Gerald Regan, the Canadian External Affairs Minister, and his Japanese counterpart, Mr Sandanori Yamanka.

In 1982, Japanese exports captured almost 30 per cent of the Canadian car market despite officially sanctioned customs delays in Vancouver.

Reuter

BASF in talks with Mitsubishi

LUDWIGSHAFEN, BASF, the West German chemical company, said yesterday it is considering a joint venture with Mitsubishi Electric Corporation to produce magnetic data storage tapes and disks in Japan.

BASF said the proposal to build a Japanese production facility was still in the discussion and study stage but that a decision could be expected shortly.

A spokesman said the Japanese market for such data processing accessories was growing fast and is projected to be worth DM 1bn (\$416m) by the end of the decade.

BASF, which has about a 10 per cent world market share in this field, produces magnetic tapes and floppy disks at Witten, West Germany, at Bedford, Massachusetts, and at Guaratingueta in Brazil.

AP-DJ

Argentina-India shipping plan

By K. K. Sharma in New Delhi

AN India-Argentina shipping service is to be launched to provide direct and quicker cargo movement between Indian and Latin American ports. The service is to be operated jointly by the Shipping Corporation of India and Elma, the Argentine shipping line.

An agreement is to be signed by the two lines soon, according to Sr Rodolfo Hernandez, Elma's East traffic and operational manager of Elma. This would provide for shipment of goods in containers and transshipment, when needed, would be done in Elma's warehouse in Singapore.

Trade between India and Latin America is nominal at the moment. One reason for this is thought to be lack of a direct shipping line. It is hoped Argentina, because of its location, will become a gateway for Latin America after the new shipping service is launched, possibly within three months.

Tax boost to Thai tourism

By Jonathan Sharpe in Bangkok

THAILAND'S tourism industry, this country's second largest foreign exchange earner, is expected to be boosted by a reduction of the Government tax on hotel rooms.

Thai officials said the Government had agreed in principle to lower the tax of 16.5 per cent — the highest in South-East Asia — which is added on to first-class hotel bills and paid by the customers.

A new rate has not been fixed, but the officials said it was likely to be about 11 per cent, which would still be one of the highest rates in the region.

Thai hotel owners have argued that the 16.5 per cent tax is harming Thailand's tourist industry, whose total earnings last year were Baht 21.5bn (\$800m) at a time when world recession has slowed tourism's rapid growth of the past two decades.

There is also a glut of hotel rooms in Thailand at present. During a tourism boom in the late 1970s several new hotels were started in Bangkok which are now nearing completion. By the end of this year there will be a total of more than 16,000 rooms.

Among the new hotels is the Bangkok Peninsula, the latest addition to the Hong Kong-based Peninsula group. Executives at the new hotel say they will cut themselves lucky if they achieve 50 per cent occupancy in the first year.

Hotels are resorting to massive discounts of up to 50 per cent in an effort to attract visitors.

Abu Dhabi's oil drilling opened to local groups

BY OUR ABU DHABI CORRESPONDENT

LOCALLY-OWNED drilling companies are successfully moving into Abu Dhabi onshore drilling operations. Until recently, foreign drilling companies had over a dozen rigs on the onshore oilfields, but the main operators have been told by ADCO, the 60 per cent state-owned onshore operating company, that their contracts are not being renewed this year. This includes one company which had 12 years with ADCO. Companies affected include the UK's Geoprosco, Italy's Saipem, Westburne of Canada and Pool Inter-Drill of the U.S.

ADCO, whose minority shareholders are BP, OGP, Exxon, Mobil, Parlex and Shell, announced last year that it was going to cut back on its drilling programme. At that time it had 24 rigs and the number is expected to fall to 16 by the end of 1983. All foreign-owned rigs apart from two operated by the French company Forex, are being replaced by locally-owned ones, or else are not being replaced at all.

Onshore rigs normally cost about \$15m-18m each. In the present world-wide drilling slump, the local companies should be able to purchase rigs at attractive prices, but those contractors who are being released will find it difficult to get alternative work. One operator said "the only country in this part of the world where there is any hope of new business is Oman. Down there its like a rig-operator's convention."

Abu Dhabi's national drilling company — a wholly-owned subsidiary of the state oil company ADNOC, by now has a total of 12 rigs in operation in Abu Dhabi, five of them onshore with ADCO.

A private company, DANA, has been established for some years in the oil-service industry, and has two rigs with ADCO.

Three other local companies two of them newly-formed, have raised finance totalling \$42.5m, in the last year to launch their operations, with the aid of Abu Dhabi Investment Co (ADIC).

SHIPPING REPORT

Outlook is brighter for dry cargo market

BY ANDREW FISHER, SHIPPING CORRESPONDENT, IN LONDON

SPIRITS picked up a little last week on the dry cargo markets. But the tanker side remained depressed, with trading sparse and rates poor.

Denholm Coates reported that dry cargo rates continued to inch ahead, with larger Atlantic tonnage in the limelight. Rates of \$9 a ton were paid for 70,000 tons of grain from the U.S. Gulf to Europe and \$16.80 for 50,000 tons to Japan, both slightly up on January.

The shipbrokers also noted a rise in inquiry for large tonnage to carry iron ore. But the whole of the Far East market, spanning South Africa, the Red Sea, the Gulf, India, Australia, and Japan remained poor.

Although some of the rates rises appear large over recent weeks, Denholm added, "it should be appreciated that most rates, even in the Atlantic, are still below European operating costs anyway (with no contribution to financing)."

Container ships have suffered from recession and overcapacity as much as any other sector of the world's fleet.

After looking at bulk carriers and tankers in past weeks, this report will outline container prospects, still generally seen as gloomy for some time to come.

The fleet is around 1,300 ships with capacity of 1.23m TEUs (twenty foot equivalent units, the industry's basic measurement). Over the next few years, a 10 per cent rise is expected, though this could be more if U.S. Lines goes ahead with its 14 ship order of 4,000 TEUs each.

Tilney, the UK stockbroking concern, said overcapacity in this market was about 20 per cent. While some surplus was normal to enable ships to keep to their rigid route schedules, this level was high.

Nor did it see much sign of improvement, with new ships being delivered and trade stagnating. Last year, it estimated, TEU movements at world ports rose by only 5 per cent to 42m.

Previous years had seen much higher increases, but demand for manufactured goods has slowed down in the slump and most liner trades have completed the process of containerisation.

Any upturn in the container market would look as far away as ever, said Galbraith Wrightson in its January review, increased inquiry in the month did not result in new business. "Any optimism of owners or brokers appears to be fading fast."

Iran plans to increase size of tanker fleet

IRAN'S Supreme Economic Council yesterday approved a plan to increase the number of vessels of the Iranian shipping line in order to reduce the amount of compensation being paid to foreign vessels for delays at Iranian ports, reports the Iranian news agency.

London shipping officials said compensation must be costing Iran enormous sums as a great number of ships are being delayed around Kharg Island.

An increase in the Iranian fleet will mean further laid up tonnage in Western fleets, although not for some time, they said.

The Iranian fleet has only one or two very large crude

carriers (VLCC) at most in its fleet and would have to spend the next year or so building suitable size tankers, they added.

Tanker brokers and owners said that as Iran would have to pay for an increase in its fleet with oil it would be likely to commission other Korean or Japanese shipbuilders with whom it already has oil supply agreements.

The transfer of more oil tanker business away from Western fleets to the Iranian domestic fleet would have a severe effect on the tanker market, with a even greater competition for the declining size and number of cargoes.

Large order for Poclain

PARIS — Poclain, the French construction equipment group, has received an order for 400 hydraulic excavators from Iran.

The order is worth FF 200m (\$29m).

The French company said that

in addition the two companies have agreed in principle for HEPCO, Poclain's agent, to manufacture under license two excavators currently produced by Poclain starting next year.

AP-DJ

Button up your garage



Most existing garage doors can be converted. Your garage door or gate shut tightly and securely. Then, quietly, at the press of a button — they open automatically. Only you know the secret. Liftboy's hand-held radio transmitter triggers off the opening and closing mechanism, even in the pouring rain. But you stay dry and stay safe. Because the button's in your car. Is there a button missing in your car? Find out about automatic garage doors and gates by calling Liftboy, today.

LIFTBOY LIFTBOY LIMITED
10 NEW BRIDGEWAY INDUSTRIAL ESTATE
LONDON NW10 7NS
TELEPHONE 01-361 0441-41 0451

Automatic access controls in 16 countries. Regional agents throughout the UK.

NATIONAL WATER COUNCIL

WATER SERVICES

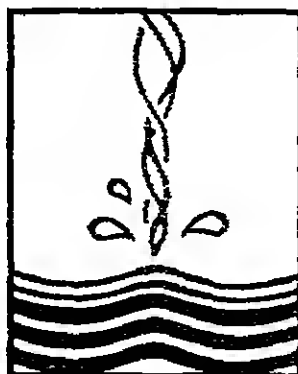


EVERY DROP OF WATER COUNTS.

It's very easy to believe that the little bit of water you can save isn't going to make much difference.

But it does. A dripping tap can waste more than a gallon a day. An automatic washing machine uses up to 40 gallons a cycle. And everytime you flush the toilet 2 gallons are used in an instant. So if you consider how many millions of households still have a normal water supply, you'll realise that if everyone was careful to use as little water as possible, you'd take a considerable strain off the water system.

In fact, all those little drops add up to millions of gallons of water.



TAKE CARE

TAKE CARE OF WATER AND HOW YOU USE IT

Issued by the National Water Council on behalf of the water industry.

UK NEWS

Strict immigration controls will be held, Whitelaw says

BY KEVIN BROWN, PARLIAMENTARY STAFF

MR WILLIAM WHITELAW, the Home Secretary, told the House of Commons last night that there would be no relaxation of strict controls on immigration.

Confident of the support of all but a handful of right-wing Conservatives for his revised controls on immigrant male fiancés, Mr Whitelaw said restrictions would be kept under constant review.

Mr Whitelaw was making his second attempt to win parliamentary approval for his fiancée order, which follows changes in citizenship law in the British Nationality Act.

The right-wing revolt that led to the defeat of his proposals in December appeared to have collapsed, despite the subsequent liberalisation of the rules.

Mr Whitelaw originally proposed that foreign fiancés or husbands of women who are British by naturalisation of registration should be allowed to settle on the same basis as husbands of women British by birth.

Conditions allowing deportation of husbands where marriages broke down within a probationary period were later added to placate the Tory rebels, but have now been discarded. The new rules retain a clause putting the onus on immigrants to prove that a marriage has not been contracted solely for immigration.

Goaded by Mr Roy Hattersley, the Shadow Home Secretary, about his change of tack, Mr Whitelaw bitterly attacked the Labour Party's record on immigration - particularly during the two periods when Mr Roy Jenkins, now leader of the Social Democratic Party, was Home Secretary.

There were shouts of "Nazi" from the Labour benches, as Mr Whitelaw refused to reject a suggestion by Mr Tony Marlow, a Conservative MP, that immigration by Asian men to join wives in Britain could be regarded as marriage for immigration purposes because Asian wives would normally travel to join their husbands.

Mr Hattersley was joined by Mr Alex Lyon and Mr Stanley Clinton Davis, both Labour MPs, in press-

ing Mr Whitelaw for guidance to immigration officers on the criteria for judging the validity of marriages. Mr Whitelaw said: "What these rules do is simply change the burden of proof. I do not believe there is any vagueness."

Mr Whitelaw said it was right to use the definition of citizenship in the British Nationality Act to determine which women had the right to have fiancés settle with them.

But he added: "At the same time, it is necessary to ensure that there are proper safeguards against abuse of the rules by people using marriage as a convenient means of obtaining settlement here."

He said he had accepted that a two-year probationary period placed too much strain on marriages. Any immigrant whose marriage was genuine had nothing to fear from the need to prove its validity.

In one of several interruptions by right-wing MPs, the Home Secretary was urged to give an assurance that the rate of decrease in immigration would continue at present levels. Sir William Clark sought a guarantee that the Government would take action if immigration began to increase.

Mr Whitelaw said no one could foretell how circumstances might change. Any government had to be prepared for unexpected developments. But he added: "Our policy will be subject to continuous re-examination in the light of the changing circumstances. We shall not abandon the strict policies we have been pursuing."

Mr Hattersley said the new rules discriminated against women and against black and Asian citizens.

The Government, and factions of the Conservative Party, had made themselves look ridiculous in manoeuvring over the rules. Mr Whitelaw "held out the hand of friendship to his bitterest critics, and they stamped on his fingers."

The rebels would troop into the Government lobby to vote for a single safeguard, where a few weeks ago several more had been insufficient.

Isle of Man stiffens controls on banking

By William Hall

THE ISLE OF MAN is to set up a new supervisory authority to police the island's 50 banks and will back it up with new banking legislation to ensure that the new authority can do its job properly.

It is part of the Manx Government's efforts to improve the island's reputation as an offshore financial centre after the collapse of two local banks last year which cost depositors more than £20m.

The banking crisis shook the Isle of Man Government which has always prided itself on its financial independence from the UK.

The Bank of England seconded two officials from its own bank supervisory division to the Manx Treasury. They were asked to examine the adequacy of the local system of supervising banks and to recommend improvements.

Although their report has not been published, it is understood to be highly critical of the local system of supervising banks which prevailed before the collapse of the Savings and Investment Bank (SIB).

Mr Percy Radcliffe, chairman of the Manx Executive Council (the equivalent of Prime Minister) told Tynwald, the island's parliament, yesterday, that it would be inappropriate to publish the report in advance of a separate report into the failure of the SIB.

Surge in car sales

REGISTRATIONS of new cars so far this year have been running at an annual rate of 1.73m, equal to the record set in 1978. Well over 74,000 new cars were registered in the first 10 days of February, with demand stimulated by the ending of hire purchase controls and aggressive marketing campaigns.

Investment plea

PRIVATE SECTOR investment must take the major contribution to financing the revival of Britain's decaying industrial areas, Mr Tom King, the Environment Secretary, said in the House of Commons yesterday.

Delay on rules for licensed dealers

BY ROSEMARY BURR

TOUGH NEW rules on licensed dealers in securities due to be introduced last month will now be delayed at least until Easter.

The Department of Trade has fallen badly behind its original timetable because of extensive re-drafting after criticism from leading City of London institutions.

Dr Gerard Vaughan, Minister for Consumer Affairs, has conceded that some of the department's original proposals were unworkable. In particular, he has accepted the view of the National Association of Security Dealers and Investment Managers (Nasdim) that it was impractical for licensed dealers to insure against unlimited liability.

The department is sticking firmly to the view that intermediaries who market unit trusts require a licence. As a result there has been a rush of new applications for licences. Leading members of the unit trust industry are concerned that the department is unable to meet this extra work load and fears that queues are developing.

The department admitted yesterday that "actual waiting time for li-

cences had increased." It said "We are working at developing procedures to deal more quickly with applicants, but do not want the operation to become a rubber stamp."

At the end of January last year, 419 principal licences were valid. A year later the figure had risen to 481.

The department said that it had noticed an increase in the flow of applications since last October and added that not all these had yet been processed.

Fewer than 20 civil servants are responsible for processing licences and authorising unit trusts. One of Nasdim's chief concerns was that the department would have insufficient staff to operate more stringent policing of licensed dealers. The department said yesterday that it had "some ability to redeploy staff."

Last week, a small Chiswick-based licensed dealer in securities, Langford Scott and Partners, ceased trading just three months after the department had renewed its licence. The department is now looking into the company's affairs.

Managers fail in bid to buy 17 railway hotels

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE SENIOR management of British Transport Hotels (BTH), who formed a company to bid for 17 of the hotels, revealed yesterday that they had been unable to raise the necessary money. They had intended to raise £35m.

BTH, a subsidiary of British Rail, has put 21 of its hotels on the market. The sale is part of the Government's privatisation plans for sectors of state-owned industries.

The managers' new company, which was advised by Kleinwort Benson and James Capel, sought to place £12m of ordinary shares and £23m of first mortgage debenture stock. The sum of £35m was considered sufficient to purchase 17 of the hotels, refurbish them, and have enough cash to operate the company.

Meetings took place last week in attempts to raise the money. But by Monday when the public tender for the hotels closed, it was apparent that the gap between the money raised and that required was too great to go ahead with a bid.

The British Rail Board said yesterday that it was disappointed for the BTH management team. "The hotels have been starved of invest-

ment. In this situation it is easier for an existing hotel company to take on the task of investing and working on minimal profit, until the investment begins to pay off."

Mr Peter Land, BTH managing director who led the management team, put the blame for the failure on the public tender method of sale, which BR had agreed to under pressure from the Government.

"Every advantage," he said, "must lie with an established company with an administration base and an asset base on which it can raise money. We have had to come from behind, create a new company and convince potential investors of its earnings capacity."

The management team was seen by the BR Board and the rail unions as the best hope for keeping most of the hotels together as a group.

The bids which had come in to Morgan Grenfell, advisers to British Rail Investments, the BR wing which is handling privatisation, are now being considered. The successful bidder, or bidders, are expected to be announced within the next two weeks.

Mr Land had already bid twice for the hotels. Last July, he offered £29m for 17 of the hotels, and in November, he bid £20m for 10 hotels.

But Mr David Howell, Transport Secretary, was anxious that the price for the hotels should be determined by the market and BR agreed to go out to public tender.

Union will accept inquiry verdict

Thatcher in call for end to water strike

BY PHILIP BASSETT

MRS MARGARET Thatcher, the Prime Minister, yesterday called on water workers to end their strike as union leaders and employers met to establish fully the committee of inquiry into the water pay dispute.

Speaking in the House of Commons, Mrs Thatcher said: "There is absolutely no point in prolonging the strike action that is causing so much hardship to so many people."

"I understand both parties to the dispute have agreed to accept the findings of a committee of inquiry," she said if that was so, then maintaining the strike was pointless.

Mrs Thatcher's comments came as both union leaders representing 28,500 striking manual workers in the water supply and sewerage industry and the National Water Council returned separately to the Advisory, Conciliation and Arbitration Service to agree both the terms of reference and the composition of the members of the inquiry into the pay dispute.

These detailed discussions with Mr Pat Lowry, Acas chairman, followed a breakthrough early yesterday morning in which both sides agreed to accept the findings of a committee of inquiry as a method of resolving the dispute, though this point caused particular difficulties for the employers which stretched over more than three hours of the five hours of discussions.

The agreement makes clear that no further substantive negotiations will take place once the findings of the inquiry have been disclosed. The findings would form the basis

for a special meeting of the industry's National Joint Industrial Council (NJIC) to translate it into a full agreement and a settlement of the dispute.

As they arrived for the talks union leaders were optimistic. Mr Ron Keating, chairman of the trade union side, said he was more optimistic about the outcome than he had been at any time during the dispute.

Mr Mick Martin, Transport and General Workers' Union public services' national secretary, said: "I think the worst part is over."

The inquiry which could start taking evidence today is likely to be prefaced by a call for a return to work. The chairman is expected to make such a plea before he begins his work.

However, Mr Keating said, however: "The industrial action will be called off when we have a resolution of the dispute - when we have an agreement with the NJIC."

Despite this apparent rejection of both the Prime Minister's call and the expected call of the inquiry chairman, union leaders acknowledged privately yesterday that there might be a return to work by many strikers once the committee of inquiry had been announced. The employers would be likely to try to encourage this movement.

More than 60,000 properties in England and Wales are now without mains water supplies, and about 7.6m people are being advised to boil their water before use.

UK warned over weakness in selling information technology

BY JASON CRISP

BRITAIN'S commercial weakness in information technology industries will get significantly worse without a co-ordinated programme between government and industry, according to a report published by the National Economic Development Office.

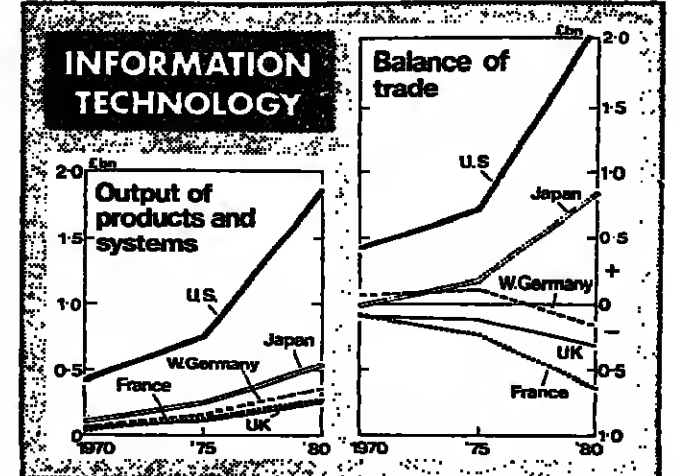
The report, by the information technology Sector Working Party (SWP), notes that Britain's trade deficit in the sector could soar from its current level of about £150m to £1bn by 1990. Information technology includes telecommunications, electronic office equipment and computer software and hardware.

Britain's objective, the report says, should be to achieve an even balance of trade by 1990, which would mean reversing the current trend and increasing the UK's share of world markets.

Britain's output of information technology products has been rising at about 20 per cent a year. But the SWP points out that this is half the rate of the U.S. and Japan. In addition to the powerful positions of the U.S. and Japan, it notes that France and West Germany both have national policies to encourage the international success of their own industries.

The report warns of the inherent weakness of Britain's information technology industry, which is relatively small and fragmented, and states that government initiatives are uncoordinated.

The SWP suggests that Government departments and the main organisations involved should agree common objectives, such as current approaches to technical standards. These include public procurement,



training and education, publicly-funded research and development and inward investment.

To provide more commercial stability, the report states that the Government should develop and announce a five to 10-year strategic framework which would include:

- Continued high level of support for the development of the national telecommunications infrastructure.
- Use of public procurement to promote high quality technology and the adoption of internationally accepted standards.







The report notes that the Government accounts for 40 per cent of the UK market for information technology products and services. The effectiveness of public sector purchasing is severely handicapped

by its extreme fragmentation, which in turn works to the disadvantage of the UK supply industry." It recommends that the Government co-ordinates procurement to assist UK suppliers reach critical volumes of output so they can compete internationally.

It also suggests that the Government should help to support collaborative ventures between companies which are designed to improve international competitiveness.

The report notes that many British companies are structurally weak compared with their overseas competitors. It recommends that they achieve a greater share of world markets through higher volumes in selected products.

A Policy for the UK Information Technology Industry (NEDO Books, £3)

	
Tuesday 16.00	Wednesday 16.45
	
Thursday 16.00	Saturday 12.30
	
Sunday 16.45	Sunday 19.45

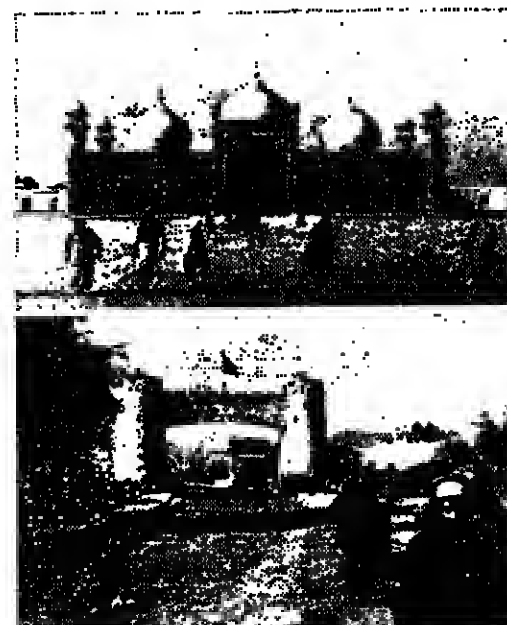
Karachi. Rawalpindi. Made Easy. With PIA.

If you're flying to Karachi or Rawalpindi, there's no easier way than using the national airline - PIA.

Not surprisingly, we have more flights to Pakistan than any other airline. So with 6 flights a week, all leaving at sensible afternoon times, you won't have any problems in finding one to suit you.

And, once in Pakistan, our efficient internal service can link you to 21 destinations in all parts of the country.

We operate an up to date fleet of comfortable wide-bodied jets, with more highly qualified aircrew, aircraft engineers, and skilled technicians than any other airline of our size.



And we train our staff so thoroughly that other airlines send their staff to us for training too. So you will enjoy friendly caring service from traditionally dressed stewardesses, deliciously exotic cuisine - and a welcome to the East that you won't forget.

Ask your travel agent or local PIA office for details.

PIA
Great people to fly with

London 45 Piccadilly, W1 01-734 5544 **Birmingham** 91 High St. B2 4JB 021-643 7850 **Bradford** 29 Patergate, BD 1 1PK 02747 31705 **Manchester** 6 Royal Exchange Arcade, M2 7EA 061-634 7546 **Cardiff** 3rd floor, Mansfield Building, 34 Queen St. CF 1 4BW 0222 371426 **Glasgow** 63 St. Georges Place, G2 10Y 041 221 9936



Oil price slump hits Abu Dhabi gas output

By Richard Johns, recently in Abu Dhabi

DESPITE THE recent changes in the fortunes of the oil producers, Abu Dhabi is still not a place where money is stunted, least of all on the road system. But the desert route from Habshan to Asab remains as it was a few years ago when some 27,000 tons of material were transported along it for the construction of a plant to extract natural gas liquids from Abu Dhabi's second largest onshore oil field. Bulldozed out of the dunes the trail is 40 yards wide and undulates gently for about 60 miles.

One of three such units operated by the Abu Dhabi Gas Industries Company, or Gasco, the extraction plant at Asab is probably as inaccessible as any designed to recover liquid petroleum gas—propane and butane—and condensates. The facility designed by Compagnie Française des Pétroles and built by Fluor under its supervision is also notable for being a single unit train and probably as large a one as can be built at the present time. The advantage from the economy of scale is obvious. But as one of the senior Gasco plant managers says: "The disadvantage is that once a machine shuts down we lose all production without a standby."

In 1982 only one day's output from Asab, the equivalent of 440 tons of LPG, was lost compared with 30 days allowed for. The lack of operational disruption has been a cause for satisfaction for Gasco, the concern owned by the Abu Dhabi National Oil Company—ADNOC—(68 per cent), CFP (15 per cent), Shell (15 per cent), and Partex (2 per cent). Performance has been satisfactory, too, at the extraction plants built to process the associated gas from the Buhasa and Bab fields near the coast, which together with the one at Asab are connected by 140 miles of pipeline to the fractionation complex and shipping terminal at Kuwai, constructed under Shell's supervision by Bechtel.

Full potential yield from the system is up to 4,735 tonnes—1,235 tonnes of propane, 1,415 tonnes of butane, and 2,115 tonnes of condensates. It was not for technical reasons that total production last year was only 2.2m tonnes—made up of about 550,000 tonnes of propane, 660,000 tonnes of butane, and 990,000 tonnes of condensates. Like similar projects in the Gulf, Gasco's scheme has been directly affected by declining oil production. It was designed to

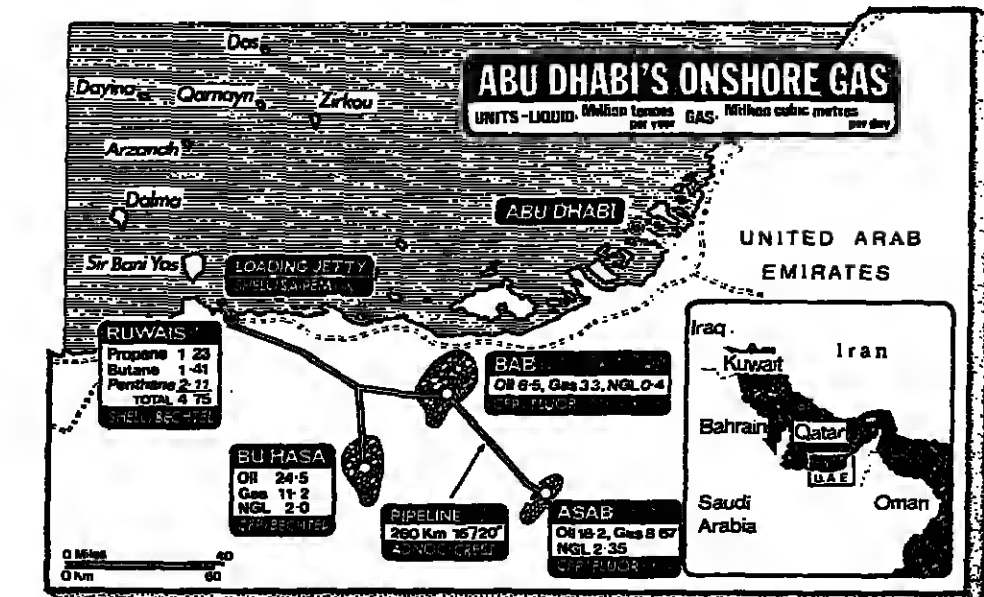
Production sharing programme

harness and process the gas associated with some 23m cubic metres a day—from nearly 1m b/d of oil production. Since April of last year, however, it has been no more than 500,000 b/d in conformity with the limit imposed when the United Arab Emirates accepted a ceiling of 1m b/d as part of the Organisation of Petroleum Exporting Countries' attempt at a production sharing programme. Out of this total Abu Dhabi apportioned itself 850,000 b/d. Another 250,000 b/d has come from the offshore fields of ADMA-OPCO, the somewhat cumbersome name given to the group composed of ADNOC (60 per cent), British Petroleum (14 per cent), CFP (13 per cent), and the Japan Oil Development Company—JODOCO (12 per cent). The balance of about 100,000 b/d, has been from Abu Dhabi's smaller fields.

ADNOC embarked on the project in 1978 in conjunction with CFP, Shell and Partex—three of the six partners in the Abu Dhabi Petroleum Company consortium, the original concessionaire onshore and the state oil corporation's 40 per cent partner in the operating group there, named ADCO, since the assertion of majority control by the Government in 1974. In 1977 all of them had pulled out after signing a heads of agreement. BP, Exxon and Mobil did not reconsider their decision. Tardiness on the part of the western companies were related to the long dispute with ADNOC over the scale of the secondary programme and investment required for prolonging the life of the field, as well as Government policy on depletion rates.

Implementation finally began with the cost estimated at \$1.6bn of which \$1.2bn was provided by a concessionary loan from the Abu Dhabi Investment Authority, at a rate of 2.26 per cent interest, and the rest from shareholders' funds. An amortisation period of 10 years was set. At the time the production ceiling for the fields operated by ADCO was set at little more than 1m b/d although the western companies in the consortium regarded maximum capacity at 1.3m b/d.

The project was finally completed in May 1981 on schedule and at a cost of \$2.1bn, within the revised and final cost estimate of \$2.2bn. A further \$400m was provided by the ADIA, apparently at commercial rates, giving it a 76 per cent share of the total financing with the rest in the form of share capital, 20 per cent, and shareholders' loans, 4 per cent. By the time the Gasco complex was commissioned ADCO's maximum allowable output had already been cut once before it was further reduced last spring. In



practice, the actual rate possible under the reservoir management production techniques and other restraints insisted upon by ADNOC is understood to be more than 600,000 b/d.

Casco was not alone in experiencing the cost of such a project increase—and like other natural gas ventures in the Gulf it has seen a fall in availability of its raw material as oil production has declined. The escalation in the cost of the Arabian American Oil Company's Master Gas Plan was far more dramatic and the fall in Saudi output of the light crudes on which it depends has been proportionately much greater than for Abu Dhabi's onshore crudes. As a result, Petromin, the Saudi state oil corporation, is having some difficulty in fulfilling contractual obligations. Kuwait, meanwhile, was unable to meet its commitments last year.

Much else has changed in the meantime. In 1978 the shareholders only foresaw a price of about \$120 per tonne for an average mix of propane and butane. Gasco's prospects improved radically in 1979 with the escalation of oil prices. In the first half of 1981 it rose to over \$300 per tonne in the Gulf. Having subsequently dropped, prices have firmed up again precisely because of the fall in oil production. The ironical aspect of LPG—the "end of the hydrocarbon chain" and the swing petroleum product—is that a shortage has generally helped to offset the oversupply of crude oil in the weak international market over the past year.

In line with other LPG producers in the Gulf Abu Dhabi raised its rates for butane and propane recently. As it was, the value of exports of the two products—marketed by the shareholders almost exclusively to Japan—must have been in the order of \$300m, while condensates at an average price of \$290-\$300 would have brought in something in the region of \$280m.

Traditionally independent line

made only when a certain level of profitability has been reached. That has yet to be attained and is unlikely to be in 1983.

For the foreseeable future, at least, Gasco cannot expect to receive the volume of gas required to fill the capacity of the system. A realignment of Opec prices and the reallocation of quotas could lead to a small increase of the UAE's share by 100,000 b/d or so. (In practice, the 1m b/d agreed last March has been considerably exceeded because Dubai, true to its traditionally independent line, has consistently pumped at a rate of rather more than 350,000 b/d.) But any modest increment in its allocation is likely to be more than subsumed, as far as Gasco is concerned, by the prospective output from the Upper Zakum offshore field which started test production in January and is scheduled to come on stream by the end of 1983 with an output of 100,000-150,000 b/d, according to Mr Hamra-Krouha. The full capacity aimed at is still, it seems, 500,000 b/d.

Upper Zakum constitutes probably the most costly oil development in the region, not the least because of low gas pressure and the need for extensive water reinjection from the start of production. CFP and BP blancheted at the investment in prospect leaving JODOCO, with a 12 per cent stake in the venture, to go it alone with ADNOC, although the French company is the contractor for management and operations. Four years ago the cost of building up capacity of 500,000 b/d by 1983 was put at \$2.3bn with output starting in the summer of 1981. Now the investment is estimated at

around \$5bn for crude comparable in terms of gravity with Arabian Light but inferior in other respects—which Mr Hamra-Krouha acknowledges will cause problems in pricing it correctly.

At the very least ADNOC and JODOCO will want to start defraying the expensive

development as soon as possible. That will probably mean output from Upper Zakum by the end of 1983 at the rate indicated by Mr Hamra-Krouha despite the overall squeeze in prospect. As it is, nominations for Abu Dhabi's crude by Japanese companies for 1983 are down to 185,000 b/d from

251,000 b/d last year. The indications are that the cut will fall more heavily on ADMA-OPCO than ADCO. But when Upper Zakum does come on stream Casco and its requirements can hardly be unaffected.

There are no readily available sources of unassociated—or "cap"—gas readily available to make good the shortfall. As elsewhere in the Gulf the deep Khuff Zone is the most probable source of it in any quantities. But drilling this geological formation below Abu Dhabi's onshore oil fields—in what Mr Hamra-Krouha describes as "an intensive exploration programme"—over a three-year period—has so far had very disappointing results.

Given the lead times involved in developing such deposits of unassociated gas, which anyway contain a much smaller proportion of the rich wet components which go to make LPG, success would not have solved the short-term problems of maintaining Casco's throughput.

Promising finds have been made offshore under the Umm Shaif field where exploration of the Khuff Zone started in 1981. With three or four more wells planned for this year development seems almost certain to go ahead.

Another discovery yielding a large flow of gas, the Nasr field,

was made late last year. "Offshore prospects seem much better," commented Mr Hamra-Krouha. There, the Emirati's older gas exporting project has been able to make up for the limitation on output from the Umm Shaif and Lower Zakum fields.

Last year the Abu Dhabi Gas Liquefaction Company achieved a record production of 2.2m tonnes compared with a capacity of 2.3m tonnes. Since the project—a joint venture involving ADNOC, BP, CFP, Mitsui and Bridgestone Liquefied Gas Company—came on stream in 1977, it has not had enough associated gas available.

The deficit has been met by drawing supplies from the Umm Shaif gas gap which are not associated with oil production. As a result, though, the plant on Das Island has lacked sufficient quantities of the wet, heavy gases required for LPG produced in conjunction with the LNC shipped to the Tokyo Electric Power Corporation under a 20-year contract. As a consequence, ADLC's production of LPG last year was significantly down on the 550,000 tons recorded in 1981 and further below related capacity of 1.5m tons. That, like Casco's experience in its first 18 months of operations, is an example of the vagaries to which gas projects dependent on oil are subject.



The international banking services you expect,

Corporations doing business with us benefit from dealing with an internationally integrated commercial and merchant bank.

We help you trade through our network of branches spanning the world's main trade routes. We provide the finance, settle payments across the exchanges, handle the documents and keep you informed.

When you need domestic banking overseas, turn to us for a first class service. We are experienced, and have one of the widest ranges of local currency available from an international bank.

Through our experts in the international banking centres, you gain access to their markets for syndicated eurocurrency lending and eurobonds.

If you are promoting a major capital project,



from a single integrated source -Lloyds Bank

come to us for the design of finance and assembly of funds. We can handle the most complex international financing schemes.

When we work together on a financial problem, you will find our professional advice realistic and responsible, our solutions precise and perceptive.

An integrated approach internationally sets us apart. Wherever you deal with us you lock into a geographic network and range of services matching the best; you tap a fund of expertise and reserve of knowledge second to none; you secure the fast and sure response that gives you the edge.

Lloyds Bank International



BASE LENDING RATES	
A.B.N. Bank	11 1/2%
Allied Irish Bank	11 1/2%
Amro Bank	11 1/2%
Henry Ansbacher	11 1/2%
Arbuthnot Leatham	11 1/2%
Armen Trust Ltd.	11 1/2%
Associates Cap. Corp.	11 1/2%
Bank of Bahrain	11 1/2%
Bank Hapnalim BM	11 1/2%
BCCI	11 1/2%
Bank of Ireland	11 1/2%
Bank Leumi (UK) plc	11 1/2%
Bank of Cyprus	11 1/2%
Bank Street Sec. Ltd.	10 1/2%
Barque Belge Ltd.	11 1/2%
Barque du Rhone	12%
Barclays Bank	11 1/2%
Beneficial Trust Ltd.	12%
Bremer Holdings Ltd.	12%
Brit. Bank of Mid. East	11 1/2%
Brown Shipley	11 1/2%
Canada Perm. Trust	11 1/2%
Castle Court Trust Ltd.	11 1/2%
Cayzer Ltd.	11 1/2%
Cedar Holdings	11 1/2%
Charterhouse Japotel	11 1/2%
Cheltenham	11 1/2%
Citibank Savings	9%
Clydesdale Bank	11 1/2%
C. E. Cost.	12%
Comm. Bk. of N. East	11 1/2%
Consolidated Credits	11 1/2%
Co-operative Bank	11 1/2%
The Cyprus Popular Bk.	11 1/2%
Duncan Lawrie	11 1/2%
E. T. Trust	11 1/2%
Exeter Trust Ltd.	11 1/2%
First Nat. Fin. Corp.	12 1/2%
First Nat. Secs. Ltd.	13%
Robert Fraser	12%
Grindlays Bank	11 1/2%
Guinness Mahon	11 1/2%
Gulf Ctee Trust Ltd.	12 1/2%
Hambros Bank	11 1/2%
Hargrave Secs. Ltd.	11 1/2%
Hartnoll & Gra. Trust	11 1/2%
Hill Samuel	11 1/2%
C. Hoare & Co.	11 1/2%
Hongkong & Shanghai	11 1/2%
Kingsthorpe Trust Ltd.	12%
Knowles & Co. Ltd.	11 1/2%
Lloyds Bank	11 1/2%
Maitland Limited	12%
Edwards Mansu & Co.	12%
Midland Bank	11 1/2%
Morcan Grenfell	11 1/2%
National Westminster	11 1/2%
Newport Gen. Tsk.	11 1/2%
P. S. Refson & Co.	11 1/2%
Royal Trust Co. Canada	11 1/2%
Ruxburche Guarantee	11 1/2%
Stavensburg's Bank	11 1/2%
Standard Chartered	11 1/2%
Trade Dev. Bank	11 1/2%
Trustee Savings Bank	11 1/2%
TSG	11 1/2%
United Bank of Kuwait	11 1/2%
Wakarusa Int'l. Ltd.	11 1/2%
Westpac Banking Corp.	11 1/2%
Whiteaway Laidlaw	11 1/2%
Williams & Glyn's	11 1/2%
Winttrust Secs. Ltd.	11 1/2%
Yorkshire Bank	11 1/2%
Members of the Accepting Houses	
7-day deposits	11 1/2%
14-day deposits	12%
1-month deposits	12 1/2%
3-month deposits	13%
6-month deposits	13 1/2%
12-month deposits	14%

THE ARTS

James Hayes/Gate, W.11

Rosalind Carne

This one-man show bears the enticing title *A Horde Of Unemployed Ventriloquists*, a reference to the much sought after employment of the *Miles Na Gopalea* resort agency. Desperate Dublin females would hire those fellows, knowing that not only would they have a smooth-tongued good-looking to walk out with, but that their paid companions would do the talking for them. Sometimes the lads played tricks, causing chaos in respectable theatres by throwing their voices about the stage and making personal remarks about the audience.

Devoites of Irish literature will recognise *Myles* as the brilliant writer, alias Brian O'Nolan, who produced a daily column in the Irish Times from 1940 until his death in 1982. The agency was one of his regular whimsical inventions, and it appears here as *pièce de résistance* in a compilation of extracts from the newspaper, directed by the performer.

Mr Hayes is somewhat reserved for so outspoken an individual and despite frequent

recourse to the spirituous refreshment in his desk drawer, he bears a peculiar air of eager integrity. Moreover, his manner is disconcertingly hesitant, especially when he beams in apparent relief at the end of each sketch.

For the most part, he plays the raconteur, as well as offering helpful advice to his readers.

After a two-week run at this pub venue, the show is due as a platform performance at the National Theatre. By then, some of the continuity problems may have been smoothed out, though Mr Hayes would profit from outside direction. His subject may have been mild-mannered and reticent in private, but a public dramatist should surely give some hint of the extravaganza, the quasi-natural genius behind even his modest daily efforts.

Finally, it is a great disappointment that nothing from the novels. This is high-class journalism, but what of those lasting creations, the mad scientist of Selby or the policeman in danger of turning into a bicycle.

Alban Berg Qt/Elizabeth Hall

Andrew Clements

Asked to list the half-dozen leading quartets of the present day, most aficionados would surely include the Alban Berg Quartet in their selection. In terms of immaculate ensemble, homogeneous tonal blend, scrupulous attention to detail and rhythmic niceties, the Quartet's Elizabeth Hall recent on Monday night was exceptional. It is rare to hear a programme of Beethoven quartets (especially one including the *Grosse Fuge*) in which technical problems are so little.

When one probes beneath the serene surfaces, however, there was less satisfaction to be found. Every member of the audience will have had his or her own ideal interpretation of each of the works—the *F* major Op. 18 no. 1, the *Grosse Fuge* and Op. 59 no. 2—and must have found in the Alban Berg's playing the stock on to which they could graft whatever nuances they chose. For this quartet itself kept personal preference to a minimum.

Whether a calculated play or not, the method is cunning. Listeners are flattered into listening; everyone can find

something in the anonymity, simply because they can project on to these indelible performances anything they like. On 18.00.1 is in many ways the most astonishing of all Beethoven quartets in its total confidence and arrogant skills; the giant stride forward in thinking and representing was partially conveyed in the Alban Berg's first movement, reduced to trivia in the overfast second and smothered in blandness thereafter. How often, also, has one heard the *Grosse Fuge* delivered far more skilfully and to incomparably more thrilling effect. Here it lay cocooned, lacking all physicality and endeavour.

Words like "humanity" are squandered too often on Beethoven, and one hesitates to repeat the sin. But humanity was precisely what this recital lacked, a dimension lying over and above the sheer technical brilliance that was ever on display. In the second Rasmovsky it would seem difficult not to make the finale charming, but mirth was grimly pursued here, rubbed out by every firm down-bow, left to languish in the listeners' minds.

Television/Chris Dunkley

Realism versus imagination



Wendy Morgan and Anton Rodgers in "Pictures", a new series from Central Television

As a one-time news reporter I have long found a particular fascination in the huge variety of ways tried by television to overcome the difficulty of conveying the sheer volume of fact involved in many major current affairs, or historic affairs.

From the brusque staccato of *World In Action* with its tightly edited and densely packed programmes — still the best half-hour current affairs series on television — to the far more diffuse and imaginative style of the drama documentary (such as *Panorama*'s recent representation of Polish events) there have been many methods used. However, there seem to have been very few attempts at new ways or even original variations recently.

In particular the single documentary seems to have been making time for years. Two examples last week, one each from the BBC and ITV, apparently considered fairly important judging by the slots they filled, both turned out to be stylistically familiar to the point of tiredness. This would be of no particular importance if the subjects happened to be really riveting — but of course when the subject is as interesting as all that you hardly notice the style.

Tuesday's programme on ITV, *Titanic—A Question of Murder*, was on a topic which is clearly of obsessive interest to some people. We watched the meeting of a ghastly *Titanic* "society" in the U.S. and the very existence of the programme after so many others in the cinema, radio and television is evidence of the story's lasting appeal.

Attempts were made to persuade us that the important new piece of evidence had been unearthed, but this proved to be merely a blueprint showing that the designers had suggested the *Titanic* could have carried more lifeboats than she did. Since the most obvious thing about the disaster is that the ship had fewer lifeboats than passengers, there can surely never have been any doubt about blame on that point.

The real reason for the programme, I suspect, is that the last survivors are now very old and their ranks diminishing fast, so it seemed like a good time to interview them. They were, indeed, interesting, though they raised once again all the old doubts about the reverence with which people tend to treat eye witness "evidence."

BBC's offering on the following night, *The French Foreign Legion*, was fronted by a reporter in much the same fashion as the *Titanic* programme (which was presented by Peter Williams). And once again it turned out that the producers were relying on the traditional fascination of the subject itself rather than any startling supply of fresh facts or a new approach.

Near the start there seemed to be implications that with legionnaire Simon Murray as reporter we would be getting the real lowdown on the old stories of brutality and iron discipline. But it turned out that

accepted it because there was no other way. It was a canny, one-off operation, with no hopes of retrieving your mistakes. I simply do not believe that performers were better than. Why should they have been? Actors will always give their best at all times, whatever the conditions.

I suspect that Sutton is right and that the people who want to try live drama are not those who acted in it or produced it. In the old days, not those who have to be out in the spotlight acting in it these days, but the producers and directors who have heard all the nostalgic talk about the good old days and

plays in the BBC complete Shakespeare cycle (produced, incidentally by Shaun Sutton) making no bones about being studio-bound and with Midgley's series on BBC2 we are once again offered the opportunity to become contributory participants in the dramatic experience.

The Bottle of Waterloo was not the best non-naturalistic studio play I have ever seen: there was a tendency, if slight, for the characters to talk the historical representations at one another. Yet the technical and visual imperatives which drive studio productions into concentration upon the close-up of the human face suits television wonderfully well. It was thanks to this as much as anything that in the end it was impossible not to be drawn into that victorious yet delectable British infantry square with its grizzled sergeant (Godfrey James giving the evening's best performance) and his terrified new recruit and

'Filmed realism is entertaining enough but it tends to emasculate us.'

these were only introduced as Aunt Sallys for a film which ended up looking like a recruitment poster. If the member of the audience in a hundred can actually detect any difference except when something goes wrong.

What seems to be much more valuable than the return to live transmission is Midgley's adoption of a non-naturalistic style for these plays. Having watched Sunday's *Bottle of Waterloo* and — ironically — a videotape recording of Michael Wall's mystical and intriguing *Japanese Sign* which will be broadcast as the last in the series on March 13 (it was, I am assured, "recorded-as-live" with no question of breaks or re-takes) I am more than ever convinced that we use a valuable dimension of drama by concentrating on film and realism in television to the virtual exclusion of taped studio productions.

What is lost is that ingredient which has been fundamental to the experience of drama from the days of Aeschylus under a Mediterranean sky to the days of *Under Milkwood* on the Third Programme: the contribution from the imagination of the sort which you see everywhere on television from *Minder* to *The Barchester Chronicles*, is entertaining enough but it spoon feeds the audience and in the process tends to emasculate us. I can tell you that actors didn't love it — they

who believe that the actors' adrenalin will give an edge to their productions. Maybe so, yet I doubt whether one member of the audience in a hundred can actually detect any difference except when something goes wrong.

What seems to be much more valuable than the return to live transmission is Midgley's adoption of a non-naturalistic style for these plays. Having watched Sunday's *Bottle of Waterloo* and — ironically — a videotape recording of Michael Wall's mystical and intriguing *Japanese Sign* which will be broadcast as the last in the series on March 13 (it was, I am assured, "recorded-as-live" with no question of breaks or re-takes) I am more than ever convinced that we use a valuable dimension of drama by concentrating on film and realism in television to the virtual exclusion of taped studio productions.

What is lost is that ingredient which has been fundamental to the experience of drama from the days of Aeschylus under a Mediterranean sky to the days of *Under Milkwood* on the Third Programme: the contribution from the imagination of the sort which you see everywhere on television from *Minder* to *The Barchester Chronicles*, is entertaining enough but it spoon feeds the audience and in the process tends to emasculate us. I can tell you that actors didn't love it — they

Peter Tinniswood's ITV series *The Home Front* is not so much non-naturalistic as periodically non-realistic. In other words the settings, costumes and props are all as near as possible to the real thing, but the events within Tinniswood's plots sometimes slip sideways into an unfamiliar dimension.

Thus in *A Gifted Adult* we had Curtis starting out reading the *Guardian* and moving onto the FT — a logical enough progression except that Curtis was only a toddler; and in last week's play *The Groomer* the chronology slipped about a bit and Mr Garlick's pupils were sometimes grown-ups and sometimes school children but always played by the same adults. Denna Potter used the same idea in *Blue Remembered Hills*. It could be merely a gimmick of course, but the proof of the pudding was in the eating: as with Potter so with Tinniswood the trick worked marvelously well.

No doubt there is nothing new under the sun, but it seems at the moment that the drama people are much more ready to dust off some of the ideas abandoned in television's attic — occasionally ideas which were banished there despite having been scarcely tried — than the producers of current styles and techniques are currently looking awfully familiar.

• BBC Publications £10.95.

Riverside

retrieved

The Riverside Studios in Hammersmith which went into liquidation last December has been saved by the intervention of the Greater London Council and the Arts Council.

Four hundred thousand pounds has been allocated for the next financial year, 75 per cent of the amount by the GLC. The Arts Council will make up the balance. Although the plan has yet to be ratified by the GLC's Arts and Recreation Committee, the chairman Mr Tony Banks has no doubts that the proposals will be approved.

In addition, Hammersmith and Fulham Council has offered the Riverside's new trust a 99-year lease on the site at a peppercorn rent. The new trust, which is at present without a chairman, will be composed of representatives of the funding bodies and other figures from the arts world.

While the Zürich's opera house is being thoroughly renovated, the company plays in the Kongresshaus across the water. For August Everding's production of Orff's *Antigone*, Josef Svoboda used a corner piece of the big rectangular hall for two wide flights of steps, one steep, one gentle, placed at an angle to one another, overhung by lowering slabs of masonry, inevitably grey and black. No relief existed, none received.

As a young man, Orff was thrilled by the *Elektra* of Strauss. Later he was knocked sideways by Hölderlin's German version of the *Antigone* of Sophocles. Strauss, Orff realised, had travelled as far as possible toward the late Romantic path. It took Orff many years to work out his own way of setting Hölderlin/Sophocles — monodic chanting

Antigone/Zürich

Ronald Crichton

with wrenching leaps to the extremes of the compass, hammering ostinatos in an instrumental accompaniment complicated in means but barbaric in effect, with six grand pianos, cohorts of phones and speils, woodwind, double basses.

I suspect that even for those truly familiar with the Hölderlin version, *Antigone* is hard work. Yet between them the mesmerizing repetitions and the variations of pace and texture, reflecting the Sophoclean contrast of choral comment and individual confrontation, sooner or later compel submission.

Presumably the conductor Ferdinand Leitner, an Orff specialist, conceived this production as a tribute to the composer, who died at a great age last year. It was not, as it turned out, an event to convince waverers. Everding filled

Svoboda's asymmetrical acting space with sweeping movement, long, exultant, and entranced. Nothing rigid or static. No masks. So far, fairly good. But the musical ensemble was fuzzy, not taut or precise as in Leitner's fine Deutsche Grammophon recording.

Rose Wagemann's *Antigone* was sound, dignified, a little ponderous. The solid-voiced baritone Roland Hermann sustained the killing role of Creon with burly resilience.

The cast included Otrun Wenkel (in strong voice) as Ismene, Antigone's unheroic sister, Werner Hollweg as the seer Tiresias, the ubiquitous Christa Winberg as Hegemon. The vital spark the performance so badly needed, however, was brought by Peter Straka, a young tenor of clear promise, as the watchman.

United States: Parts I-IV/Brooklyn Academy of Music

Frank Lipsius

Already a pop star in Europe after her "O Superman" was a top hit, 35-year-old Laurie Anderson is still essentially a cult figure in America, where she recently premiered her *United States: Parts I-IV* (opening tonight in London) at the Brooklyn Academy of Music. Americans remain undecided on whether her music stands alone or must be seen in her patchwork concerts that go under the rubric, *Performance Art*.

Each part of the performance is divided into some 20 music-length segments in which Miss Anderson is not always making music but is always playing an instrument, including banging herself on the head, amplified to produce the sound of a muffled ping-pong game. Microphone stands are tapped like bongos. Her voice is modified through a synthesizer to make her sound like a harking baritone. She plays her violin with a magnetic-tape bow, all of this accompanied by seemingly random visuals flashed on the backdrop with words, quotations, a few films like astronauts walking on the moon) and cartoon strips.

It is not what Thomas Edison could have had in mind, but a century after his experiments with electricity, Laurie Anderson seems to be paying homage to his versatile invention in the name of *Performance Art*. Edison is even mentioned in

"Part II," though in a derogatory comparison with the immigrant Nikola Tesla, who invented alternating current, a sine qua non for Miss Anderson's work. Some visuals portray electric circuits, and in a brave, if somewhat foolish gesture of homage, the performer puts an electronic jew's harp in her mouth to produce a long and doleful wail.

The two-evening performance improves as more musicians share the toys on-stage and get down to the artist's familiar sound waves that bounce against an incessant rhythm track.

In its short history close by the Bowery where Edison first electrified a city district, *Performance Art* has already attracted historians and justifiers who tend to use big words to say, "anything goes." If they really mean it, then a performance like this might gain by not trying to do it all and instead mix the fun of gadgets and noises with melodic interludes borrowed from a non-selective source.

* *United States I-IV* is at the Dominion Theatre in London, presented by the ICA. The show is split over two nights, each half starting at 7 pm. After performances on Wednesday/Thursday and Friday/Saturday, the complete work can be seen on Sunday starting at 2 pm.



Laurie Anderson: homage

Arts Guide

Theatre

NEW YORK

The Entertainer (Roundabout 23rd & 4th Av) William Gaskill's evocation of the John Osborne chestnut stars an appealingly shuffling and quizzical Nigel Williams while bringing the era of the *Shuez* crisis to an American audience with Michael Sharp's headline dominated set. An excellent supporting cast of Humphrey Davis as father Billy Rice and Frances Cuka as Archie's long-suffering wife Phoebe. (242-7800).

Amadeus (Broadhurst): David Duker stars as Salieri in the vividly depicted and elegant National Theatre production of Mozart's life. (247-0472).

Plemy (Plymouth): Moving on to Broadway from its Public Theatre opening, Kate Nelligan stars again in the New York production of the play written and directed by David Hare about Europe's transition from war to peace over the last generation. (238-6200).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of *Nicholas Nickleby*, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish re-creation of the London hit. (239-6262).

WASHINGTON

She Stoops to Conquer (Folger): The resident company adds Lucinda Hitecock Cone as Kate Hardcastle and director Davey Martin Jones for this production of Oliver Goldsmith's enduringly popular English rural manners and matrimonial ambitions. (546-4000).

Tower (Eisenhower, Kennedy Center): Tony Richardson directs Kathleen Turner and Brad Davis in Gardner McKay's new tense and twisted murder mystery set on a California tennis court. (254-3570).

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer culminate a somewhat over-written clash of ideologies. (246-4636).

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245-5760).

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters built down to a sitcom sensibility full of gags, good acting and frequent phooie interruptions. (246-6740).

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 9-5, which like the original celebrates creativity, here as a series of Tommy Tune's cooing scenes. (246-0248).

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs of *Oh Man River*, *Bill and Make Believe*. (254-3770).

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc Antoine Charpentier's original music for Moliere's masterpiece about quackery and hypochondria in the ancient regime. (468-3300).

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion baton twirler Sophie Schwab and Luciana by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but a circus, especially surrounded by the Flying Karamazov Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443-3800).

Duet for One (North Light Rep, 2300 Green Bay): Evanston: Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing disability stars Eva Marie Saint. (869-7278).

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shukie Akume as the receptionist and Lily Monkus as the authoritarian nurse. (327-5588).

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a UNESCO conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (*Nehru* in the film *Gandhi*) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928-2352).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast, Michael Blake-more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (838-8888).

Yakety Yak (Astoria): Enjoyable potpourri of songs by Lieber and Stoller, evocative of the 1950s and '60s, and exuberantly performed by a Liverpool quartet of brothers and The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import

that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prime stasis of the *D'Oyly Carte* tradition? (368-8168).

44 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Anglophile, Helene Hanft, and the owner of a West End bookshop. (838-1171).

Guys and Dolls (Olivier): A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (928-2553).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (838-2650-4143).

VIENNA

Vienna's English Theatre (21-260): Arsenic And Old Lace (Daily except Sun) *Theater am den Wien* (579-632): *Anatole* (Daily except Mon).

HOLLAND

Mickery Theatre, Amsterdam: *Slow Fate* by Mike Figgis, an unorthodox play featuring music and projection as well as actors.

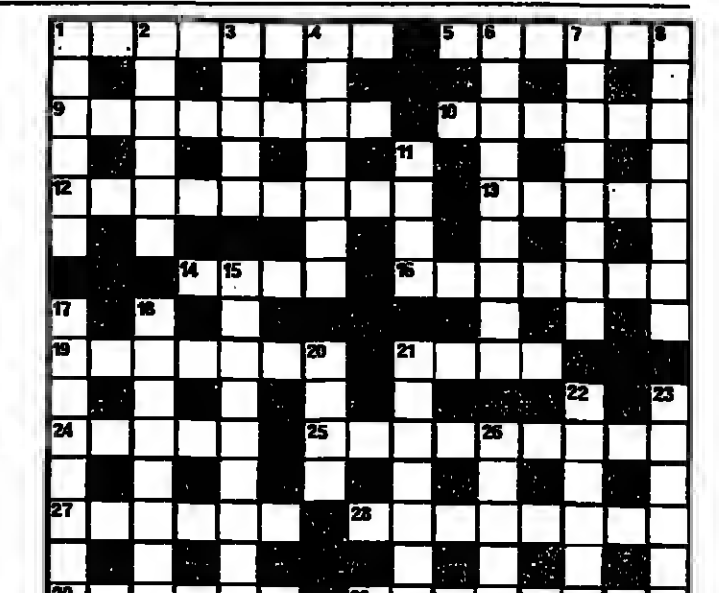
F.T. CROSSWORD PUZZLE No. 5,099

ACROSS

- Koifing attempt before drinking bout is cut short (8)
- Suffers irritation from such a festering sore (6)
- Make a further assertion about a fine peccol company (10)
- Dressed up and ready to go? (4)
- Only rogue involved in medical study (9)
- Shabby looking, but with growth potential? (5)
- Buoyant Irish seaport (4)
- Take no part in speech making (7)
- East end thief usually ends up in hot water (3-4)
- Finished part on top (4)
- Took part and did something positive (5)
- Someone who puts in a wild bid before the offer is seen (9)
- A horse to watch? (6)
- Long live London for gaiety! (8)
- Don't like to take away international status of the game (6)
- Man determined to excite public interest adopts a stumbling gait to the river (8)

DOWN

- Calm and very dry to the south east (6)
- You can count on a taxi turning up for us (6)
- Nothing that gets under the skin can be comic (5)
- Part of the country noted for waterways and not people (7)
- Confirmation of agreement



gives worker a shock (9)

Control is lacking if centre breaks down (8)

8 Nomadic species of stingray (8)

11 One of Poseidon's conquests was a novice (4)

15 Wear too much on top of costume (9)

17 Devoted daughter followed the case (8)

18 Disciplinary makes a point in the Stock Exchange (18)

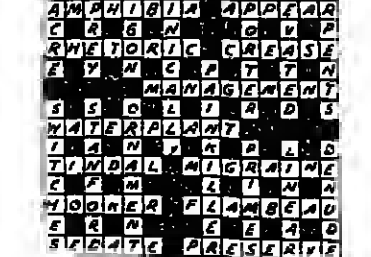
20 Operations are underfoot to find affected people (4)

21 A first night opportunity (7)

each worshipper (6)

26 Insist on previous performance (3)

Solution to Puzzle No. 5 098



FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY
Telegrams: Finanlinco, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday February 16 1983

An opportunity in Cyprus

CYPRUS has just started one of those brief moments in its history when progress towards a settlement of the island's troubles may be possible. The presidential elections are now behind the Greek Cypriots. Sunday's vote saw President Spiros Kyprianou receiving a clear mandate for his policy of negotiating with the Turkish Cypriots. At least six months remain until the dust of the promised election campaign begins to rise in Turkey, with the possible hardening of attitudes this could cause among the Turkish Cypriots.

Certainly, there are some who argue that the Cyprus problem has already been solved, and in a way satisfactory to the West. The partition of the island by Turkish troops in 1974 has effectively scotched any possibility that the island might veer towards the Eastern bloc. There has been no significant violence between the two communities since they were forcibly separated over eight years ago.

Irritant

The Cyprus issue is a major irritant in Greek-Turkish relations, particularly following the priority given to it by the government of Dr Andreas Papandreu. Its effect on the cohesion of NATO's south-eastern flank cannot be ignored—and that flank is in an especially explosive area of the world. Internally, there is the refugee problem which remains a source of anxiety; one-third of the islanders were uprooted in 1974.

Six years of talks between the two communities see them still deeply divided over all substantive issues involved in a settlement. On land, the Greek Cypriots argue that the Turkish Cypriots, who account for around 18 per cent of the population, should give up a major share of the 37 per cent of the island which was seized by Turkish troops. On the constitution, the Greek Cypriots are looking for a unified federal system, whereas the Turkish Cypriots are insisting on a loose confederation with weak powers for the central government.

However, so far the talks have only produced agreement on secondary matters—that the future Cyprus should have an national anthem, one flag, and

treat murder as crime to be prosecuted by the central government. Scrimmaging is growing on the Greek side about the value of the intercommunal talks. This scepticism has been voiced most notably by Dr Papandreu, who has long been calling for the withdrawal of Turkey's 20,000 troops as a precondition for negotiations and has launched a campaign to internationalise the Cyprus issue.

Conflict

Dr Papandreu's stand has brought him into conflict with President Kyprianou, most publicly last autumn when the latter reached a pre-election understanding with Akef, the powerful Greek Cypriot Communist Party. Akef is a firm supporter of the intercommunal talks. Yesterday President Kyprianou showed his determination to balance the two approaches, saying he planned a new effort to promote the cause of Cyprus abroad which would be parallel to but separate from the intercommunal talks.

Such an approach, which involves raising the Cyprus issue in bodies such as the United Nations and non-aligned movement, infuriates the Turkish side. It is not in the West's interest for Cyprus to become a major item on the international agenda; the way to avoid this is by breathing some life into the intercommunal talks themselves.

Respect

These talks constitute the correct mechanism for resolving the issue, and Dr Hugo Gobbi, the UN representative on the island, has won widespread respect for his guidance of the process. It is unlikely to come unless Washington uses some of the influence it has with the Turkish authorities to persuade them to make the type of steps—over land, for example, and the system of government—necessary to win counter-commissions from the Greek Cypriots.

The best that outside powers can hope to achieve is to create the conditions in which the intercommunal talks can at last begin to tackle the real issues dividing the two communities. Dramatic breakthroughs are not to be expected, but a clear opportunity for progress now exists.

Tax subsidies for borrowers

BUOYANT NORTH SEA oil revenues have created a singularly favourable background for fiscal policy over the past 18 months. Today, however, the Chancellor treads a more difficult path. The oil market is weakening and electoral pressures are building up. So the forthcoming budget provides a fair challenge to Sir Geoffrey Howe's resolve; and the litmus test of fiscal probity will be his response to demands for a rise in the ceiling on mortgage interest relief.

The present ceiling stands at £25,000. The temptation, in a pre-electoral budget, to raise it to £50,000 (or wherever) in a cynical bid to drum up votes from would-be home-buyers is considerable. Yet, to do so would run counter to everything for which Sir Geoffrey Howe has so painstakingly worked over the past three and a half years.

Impact

The housing market has been a fertile breeding ground for precisely the kind of inflationary psychology that Sir Geoffrey is anxious to wipe out. By subsidising borrowings for house purchase, on which the real interest rate was negative for much of the past decade, successive governments have certainly created a marked distortion both in investment preferences and in the level of savings. Yet it is questionable whether this form of fiscal relief helps achieve the Government's housing objectives.

There is little evidence to suggest that relief against loan interest for house purchase and improvement, which are expected to cost the taxpayer an estimated £2.15bn in 1982-83, have the kind of impact on housebuilding activity that the Government might wish. The effect of the tax subsidy on house prices can be inflationary. Alternatively it can find its way into consumption as homeowners release equity from their investment in housing by trading down or borrowing on the security of their home to

finance purchases of other kinds of assets or goods.

At the same time the tax base is eroded, with the result that the Inland Revenue has to tax income that has not been relieved by a higher rate to maintain its revenues. In the meantime, income related subsidies for those paying rent for housing are trailing well behind its relief in value. The Government's desire to bring about a proper revival of the private rented sector remains a long way from fulfilment.

Hampered

Halving rather than doubling mortgage interest reliefs in real terms over a period of years would have a useful impact on the fiscal balance. It would also be in Britain's interest to see a wider international assault on excessive tax expenditures, as these relieve the burden on Whitehall.

In the United States, for instance, a blanket relief is applied not just to home loans but to all borrowings for any purpose. Since no one much pays the nominal rate for bank borrowing, attempts to control the money supply are severely hampered and dollar interest rates have to rise excessively high in order to choke off credit demand.

This in turn can cause the dollar to strengthen.

Unpleasant

Since the rest of the world is on a dollar interest rate standard, the consequences of such fiscal distortion are unpleasant for non-Americans—particularly in the over-borrowed countries of the developing world—which have to pay the full interest rate. Moreover, the estimated \$120bn that U.S. tax expenditures cost last year fell heavily uncomfortably on Americans themselves and is now the subject of growing domestic debate.

The case for putting the whole issue of tax expenditures on the international agenda, starting at the Williamsburg summit, is powerful when the cause of so much trouble in the world economy. That rather than further "hand-outs" to home-owners, is what Sir Geoffrey should be aiming for.

The problem that won't go away

by Michael Thompson-Noel in Melbourne

ON PAPER, they look evenly matched: an Australian Liberal Party Prime Minister who has seized upon union unrest to call a general election for March 5, and a freshly-elected leader of the opposition Labor Party who throughout the 1970s was both president of his party and of the Australian Council of Trade Unions (ACTU).

The first is Mr Malcolm Fraser, leader of the Liberal-National Party coalition Government, and Prime Minister of Australia since November 1973. The second is Mr Bob Hawke, leader of the Australian Labor Party (ALP) since February 3, when—in a move that coincided with Mr Fraser's dissolution of both houses of parliament—he snatched the Labor reins from Mr Bill Hayden.

Mr Fraser gave two reasons for calling an election. The first was the need to control wage increases and the second was the broader but closely linked issue of who should manage the economy. This last issue has come sharply into focus following the threat by some of the more powerful unions—including the oil workers—to overturn the wage freeze introduced by Mr Fraser last year.

To date, the sides have revealed little of their election strategies, though the campaign promises to be bitter, with Mr Fraser the "big fellow," sloping it out with a contender

Wage inflation has fuelled the rise in unemployment

whose stability and self-control his opponents will seek to place in doubt.

It is an important election for Australia. It has enormous natural wealth—based on minerals, energy and land—and a highly-trained workforce. Yet taking advantage of this at the right time and price has often proved difficult, given the affluence and hedonism which is the Australian way of life, and is graphically reflected in the mid-1970s world recession, on maintaining their real wages.

Mr Fraser is right to insist that the central theme of the election should be wage inflation and the unions. For there is a virtually-unanimous view that Australia's most deeply-rooted economic problem is lack of control over wage and unit labour costs, even though the hand-grip is temporarily at rest because of the Fraser wages pause.

There are three strands to the controversy: first, the petulance and aggression of Australian trade unions; second, the manner in which union expectations were fanned, says the ALP, by the Government's "resource boom" rhetoric; third, the failure of the Fraser Government to find a more orderly formula for wage determination. Over and above wage inflation, there are also other economic concerns in Australia: primarily, the recurrent debate over the future of the manu-



facturing sector, which is heavily protected and in many areas inefficient; and a closely related debate about Australia's approach to trade protection in general.

However, the current combination of recession and unemployment has completely overshadowed the prospects for industrial restructuring and the dismantling of trade barriers.

Without a doubt, recent wage inflation in Australia has harmed profits, endangered price competitiveness and fuelled the rise in unemployment, which stands at 10 per cent. Australia's recent growth in non-farm average earnings reached a peak of nearly 15 per cent in the second half of 1980, then fell back, but rose to almost 17 per cent in the first half of 1982 (seasonally adjusted annual rates).

In mid-1981, the Arbitration Commission, which sets wage awards, formally abandoned wage indexation. There was then a period of relative quiet, followed by the presentation of a large number of claims in late 1981, of which the key settlement was a metal industry agreement covering some 350,000 workers.

The agreement included an immediate wage increase of AS25 (£15.75) a week, a further AS14 (£8.75) a week, and a reduction in hours to 38 a week from March 1982. (Thanks to climate and affluence, Australians are hugely leisure-conscious and thus permanently intoxicated with the search for an ever shorter working week.)

The agreement was estimated to raise wages in the pace-making industry by 20 to 25 per cent over 12 months. It also formed a benchmark for

subsequent negotiations by other groups, almost all of which achieved the initial AS25 a week increase and about half won agreement on mid-term increases.

As a result, the wage rate index rose abruptly—by 20.3 per cent in the first quarter of last year, and by 17 per cent (annualised rates) to the second. As the OECD puts it in a recent report on the economy: "Since the end of indexation, there has been considerable uncertainty about the future of the wage determination system."

Last September, a conference was convened to discuss the future of the wage determination system, but foundered on union insistence on the maintenance of real wages—i.e., full indexation of salaries linked to movements in the consumer price index.

Finally, last December, the Government asked for, and received, a six-month private sector wage freeze to set alongside the 12-month freeze it had already clamped on federal wages.

Sir John Moore, the Commission's president, admitted that the wages freeze was almost a "leap in the dark." The economy he said, had been hard hit by world recession, severe drought, and a large increase in domestic labour costs. "Any one of these developments," said Sir John, "without the others, might have been tolerable. But in combination, they have produced the most serious economic crisis since the depression of the 1930s."

This action has ensured a period of relative peace on the wages front, but there is a fear that wage demands are only temporarily stopped up, and will swiftly re-emerge once the

economy recovers. That Australian trade unions are aggressive and prickly is not at all in doubt. In part, their readiness to strike reflects their Anglo-Saxon heritage, so that to live in Sydney, for example, is to cope with the daily irritation of major and minor strikes.

In terms of average number of working days lost per year per thousand employees, Australia is usually near the top of the league—behind Italy, perhaps, but well ahead of Britain. However, union militancy is only part of the story. In Sydney last week, Mr Hawke claimed that in addition to external factors (primarily the slump in world trade), the country's current collapse was "generated by the cumulative effects of seven contractionary budgets and high interest rates," plus the Fraser Government's lack of a durable incomes policy.

According to Mr Hawke: "The Government's argument that real wage levels are the major cause of our soaring unemployment and economic slump is hypocritical... this is not to say that rapid wage increases in the past two years have not added to our economic problems—clearly they have—but the Government must at least share the blame."

Real wages increased in 1981 and the early part of 1982 largely because the Fraser Government's hostility to the wage indexation system led to its collapse, and because "resource boom" rhetoric created false expectations of benefits to be shared."

Mr Hawke also claimed that the Government's own figures clearly demonstrated that real

wage increases had not been the principal cause of rising unemployment. Real unit wage costs in September 1982, he says, were no higher than in September 1974, while unemployment had quadrupled.

Last night, Mr Fraser said he would seek powers to introduce secret ballots for all union elections. Yet he has given no indication as to how future policy would improve relations between business and unions.

But then neither has Mr Hawke, apart from confirming that his first act in office would be to convene a national economic conference, and to say that from the outset, a Labor Government would "work within a framework of national reconciliation and social partnership."

In political terms, Mr Hawke is virtually untested, for he only entered parliament in 1980. In the 1970s, he was president of the ACTU and flubbed by an adoring media as "Flutie" for his ability to settle disputes. However, it has been claimed that Mr Hawke inclined to enter the limelight when the disputes were already badly bloodied, and looking for a way to end their deadlock.

On the other hand, Mr Hawke has good relations with the unions, and with many top businessmen. He was a Rhodes scholar at Oxford, and is considered to be strong, competent and forthright. If also vain, cocksure and fierce of temper when doubted or crossed.

It will be a major missed opportunity if Australia declines to use this election as an opportunity to grapple with the central issue of wage determination, because the country's potential is immense. From the tip of its northern tropics to

Tasmania in the south, from the industrial coast of New South Wales to the Indian Ocean in the west, Australia is a vast, dusty treasure vault whose wealth has only just started to be tapped. There are minerals. There is energy. And there is land.

Since mid-1981, investment in mining and finance has continued to grow strongly, but investment in basic metal industries has been affected by the deferment or cancellation of numerous major projects, particularly in aluminium smelting. Alcoa, for example, has deferred completion of a \$1.1bn (\$830m) smelter at Portland, Victoria. (In the Prime Minister's constituency) and mothballed its newest smelter, at Wagerup.

That said, there is still an estimated AS\$2bn worth of resource and infrastructure projects in hand that have either a definite or better-than-75-per-cent chance of getting started before the end of the decade. The great Australian resources boom has not disappeared back into the ground, but it has been rechecked.

Present problems for the economy include:

● Uncomfortably high inflation, which at about 9 per cent is expected to ease but not fall dramatically this year.

● Unemployment, which is hitting a broad cross-section of the workforce.

The most important issue of all: wage determination

● The likelihood of a 1982-83 budget deficit well in excess of AS\$1.7bn forecast last August.

● Continuing high interest rates, and a rising current account deficit. The current account deficit in 1981-82 was AS\$2.2bn (6.2 per cent of GDP), though it is expected to be covered by the inflow of private foreign capital (AS\$6bn).

There are other election issues in the air, apart from wages and the unions. They include taxation and tax avoidance, state rights, foreign policy and defence, the mining and export of uranium, and environmental conservation, the latter in the form of the well-publicised and bitter controversy over plans for Tasmania. It is treated as the central election issue, because it is seen for the campaign promises to be bloody. Dossiers will be produced, old scores settled, and much mud dished. The best sign is that Mr Fraser and Mr Hawke, as well as being naturally pugnaacious, are both passionately keen to build a strong Australia.

Despite the recession, Australians already have a surfeit of bread and circuses, of cash wine and one-day cricket. What they unquestionably need at present is a dose of plain talking.

HOW AUSTRALIA COMPARES

	Australia	Canada	France	W. Germany	Japan	UK	U.S.
GDP per capita 1980—\$U.S.	9,580	10,580	12,140	12,310	9,910	9,340	11,340
Private consumption per capita 1980—\$U.S.	5,800	6,500	7,300	7,340	5,220	5,581	7,370
Passenger cars per 1,000 inhabitants 1978	477	410	327	346	185	256	536
Telephone lines per 1,000 inhabitants 1979	440	644	415	434	460	480	793

Source: OECD

Men & Matters

Bishops' move

There will be more than usual political interest later this year in the choice of a successor to Dr Stuart Blanch, who yesterday announced his retirement as Archbishop of York.

Many believe that the Church of England would be best served in York by an evangelical with radical social ideas. The quietest is already ruffled by Church attitudes towards the Falklands war and nuclear weapons—would assent to such a proposal.

The Prime Minister makes the final choice from two names submitted to her in order of preference by the Church's Crown Appointments Commission, then appoints her recommendation to the Queen.

In 1981, Mrs Thatcher is thought to have preferred the Church's second choice, Dr Graham Leonard, as Bishop of London, because he was more to her liking politically. The Church's first choice then, Dr John Habgood, Bishop of Durham, is considered favourite now for the Archbishopric. He is perhaps the Church's foremost intellectual, said to have the backing of Runcie and Blanch, but denied a little too detached from parish life by others.

But the further Mrs Thatcher may look down the list of candidates, the less this time is she likely to find a more congenial choice. From runners include the Bishop of Oxford, Patrick Roderick, who in all humility, rejected the office in 1973 because he had then been a diocesan bishop (in Manchester) for only four years. There is strong support for Dr David Sheppard, the Bishop of Liverpool and former Test cricketer, who has been active in protests about unemployment on Merseyside and took the chair for the General Synod's nuclear debate last week.

And there are those who do not rule out—though Mrs Thatcher might—the unilateralist Bishop of Salisbury, John Baker, who is widely recognised as one of the Church's most theologians.

Street crime

The Anti-Apartheid Movement which campaigned vigorously against Ian Smith's Rhodesia is embarrassed about its new London address.

The movement's HQ is now 36 Selous Street, NW1, which was named to commemorate the grandfather of the famed bandit F. C. Selous. The great white hunter was, of course, the man who gave his name to Rhodesia's notorious but effective commando unit the Selous Scouts which was so frequently condemned by the anti-apartheid supporters.

Snap judgments

Arthur Daley, the latter-day spy of the popular television series "Minder," would not be everyone's first choice as a PR man.

Yet it is a first cousin of Arthur, created by George Cole, who is the central figure in an amusing 23-minute film commissioned by the Law Society to attempt to improve—or, as the Society would say, correct—the public image of the solicitor. Cole plays the archetypal barrister-lawyer, exuding contempt for the professional, who offers gratuitously and ultimately expensive inaccurate advice on legal matters to anyone with a earshot.

Nevertheless to say, the film shows him getting his come-uppance and turning in his hour of need to "Perishing Solicitors."

The film, scripted by Denis



"He was the only thing left in the Port sale"

Norden, cost the Law Society about £70,000—compared with the £30,000 the Society spent on television advertising in 1978.

The hope is that it will be hired, on film or video, for showing in clubs, workplaces, schools and colleges—in all of which solicitors feel there is a need for a greater awareness of the services they offer.

The whole exercise could, however, turn out to be counter-productive. It could tend to confirm rather than dispel popular prejudices to hear George Cole's engagingly appalling character posing such comments on solicitors as "That lot could find eight loopholes in the Ten Commandments."

Commons' cause

Guardians of the public purse and the welfare of infants or male chauvinist pigs? This was the question posed at Westminster yesterday about Tory backbenchers Topy Marlow and

Alan Clark. The two men bluntly declared their opposition to a suggestion that when additional parliamentary accommodation becomes available a creche should be provided for the pre-school children of MPs, and secretarial and other staff in the Commons.

Leading signatory of an all-party motion advocating the provision of a creche is Harriet Harman by-election for Labour in the middle of her pregnancy and is now a mother.

Marlow has tabled an amendment arguing that "well paid persons, in professional occupations should provide for the care and nurturing of their own offspring."

In another amendment, Clark points to the "proven psychological risks to very young children of constant removal from the home environment."

Word of mouth

It appears that some key figures in business can hardly read or write. There are a "large number of quite inept people in industry and commerce who have an almost exclusively oral culture," says an impeccable source—namely the establishments branch at the Department of Trade.

The revelation is made in a never-to-be published staff inspection report on the subject of the department's information division.

The report continues with disarming candour: "Most of the department's information is intended for a literate audience; for some purposes this is right. But for a large number of quite senior managers in small and medium-size companies, it is probably quite wrong."

Observer

2 New Editions from Luncheon Vouchers

More choice. More flexibility

LVs now come in two new values* £1.50 and £2.00. This range to match the growing number of eating places displaying the LV symbol. Greater flexibility for both your company and your workforce. A worthwhile incentive to motivate your staff. From cordon bleu menus to simple snacks—whatever your preference LVs can match it.



LV

*Available January 1981

I would like to find out more about Luncheon Vouchers

Please send me the Luncheon Voucher Brochure: FTM

Name _____

Position _____

Company _____

Address _____

TEL No. _____

Luncheon Vouchers Ltd., 18 Vauxhall Bridge Road, London W1V 2NA. Tel: 01-434 1976

BRITISH PARLIAMENTARY PROCEDURE

Of guillotines—and charades

By Peter Riddell, Political Editor

"THE PROCEEDINGS on the standing committee on the Telecommunications Bill have been a farce and a ludicrous embarrassment." This comment, from Mr John Lee, a Tory MP, came after more than 100 hours of debate in committee, covering only three out of 84 clauses—of which the highlight was an 11-hour speech from a Labour MP, Mr John Gilling.

The Commons will later today debate a guillotine motion, setting out a strict timetable for further discussion. And not a moment too soon for many members.

More than 100 MPs have signed a motion criticising the present procedures for debating the Bill. The motion calls for a more structured consideration of Bills.

The Telecommunications Bill is undoubtedly unusual. The measure permits the sale of 51 per cent of the shares in British Telecom in what would be the



Members of the standing committee on the Telecommunications Bill: Stan Orme (left), the shadow industry spokesman; marathon speaker John Gilling, of the Post Office Engineering Union (centre); and Kenneth Baker, Minister for Information Technology

line by line. MPs are picked according to balance of parties in the Commons and they face each other from behind desks—unlike the departmental select committees where MPs of all parties sit together around a horseshoe shaped table.

Without a timetable from the start, there is no incentive to conduct debates in an orderly way. Many relevant points are certainly made by MPs and they are often well-informed on their subjects. But debates tend to ramble and be repetitive; opposition members dominate the proceedings and government backbenchers are encouraged to keep quiet and, when needed, to vote.

On major Bills, the early charades. Everyone involved, including the opposition parties, knows that a guillotine will be imposed which will limit debate on later clauses. The only question is when. Ministers and whips carefully calculate how many more hours to go before such a motion can be introduced. At present, the going rate is at least 80 hours for an ordinary Bill and well over 100 hours for a major measure.

This process highlights the difference in procedures between the UK and other countries. In Britain, the Government initiates legislation and Parliament's role is to debate, and to approve. Major amendments, such as those on the Telecom Bill, are more often made following consulta-

tions with outside interests, rather than in response to strong backbench pressure.

In contrast, in the U.S., the Administration's proposals are often only an opening bid and the form of legislation is determined by Congress. Committees of both Houses have the dual role of inquiring into the background of legislation as well as debating Bills. The committees hold hearings and call evidence from the Administration and from affected organisations before finalising Bills.

This involves lengthy negotiations, with Congress often taking the initiative. Proposals are, more often than not, substantially changed in the process, so that Congressmen have a creative role compared with the largely passive function of MPs.

Much of the debate turns on these constitutional distinctions. The conventional view is that it is for the Government to propose legislation and this should be carried through virtually unchanged, thanks to the support of its backbenchers. The Opposition's role is to oppose and time is its only weapon which should not be limited by an agreed timetable. Mr Golding's justification for his lengthy, and often witty, "interventions" is that they demoralised Tory backbenchers, highlighted shortcomings in the Bill and showed the outside public, notably trade unions, that Labour MPs were fighting the measure. But none of this has changed anything in the Bill.

Major legislation is, of course, decided along party lines. There is no imaginable consensus over the Telecom Bill given the wide ideological differences about privatisation. Governments with majorities are bound to get their way in the end. The question is whether, within these constraints, the resulting debates can be less of a ritual and the legislation improved.

The issue was examined as part of a major inquiry by the Procedure Committee of the Commons in the late 1970s. This mainly focussed on the two questions of whether Bills should be timetabled from the start, and whether committees should have more of an investigatory rather than an adversarial character.

The committee heard calls from several leading MPs for formal timetabling from the start, provided that the Opposition was given the right to concentrate on chosen aspects of Bills. But the committee eventually rejected this course, agreeing with Mr Michael Foot, the archetypal parliamentary traditionalist and then Leader of the Commons, that MPs should be wary about making the steamroller so strong that it could flatten out everybody.

There were, and are, conflicting views on how far standing committees should be able to hear outside views. Traditionalists believe that such opinions should be heard before a Bill is published, while others

say committees should be able to call witnesses.

The Procedure Committee opted for a compromise whereby standing committees could hold three evidence-taking sessions at the start to establish the factual and technical background. This was adopted as an experiment in 1980-81 and has mainly been used where divisions are not along party political lines. This procedure was applied with apparent success to last year's Mental Health Act. Some MPs of all parties on the Telecom Bill committee believe that their discussions would have benefited if they had heard views on regulation from the Department of Industry, British Telecom and other bodies. Differences would not have been eliminated but the debate might have been better informed.

Several of these points are likely to be pressed by those MPs dissatisfied with current procedures. But they are unlikely to make any headway

The scepticism and vested interests of business managers

so near an election in face of the ingrained scepticism and vested interests of the business managers.

Mr Golding's epic may not, however, be forgotten. As Mr Kenneth Baker, the Minister for Information Technology, noted afterwards, it probably gained him a place in constitutional history books. The speech, Mr Baker suspected, would lead to an intensification of the pressure to reform the procedures of standing committees.

One of Mr Baker's hobbies is editing books of satirical verse. Included in one collection is Jonathan Swift's view of Irish MPs—

While they sit a picking straws,
Let them rare or mowing laws,
While they never hold their tongue,
Let them dabble in their dung,
Let them form a grand committee,
How to plague and stonore the city.

Federal Reserve policy

Why Volcker should set an inflation target

By Anatole Kaletsky in Washington

TWO MAGIC words "confidence" and "expectations" are likely to figure prominently this morning when Mr Paul Volcker, the chairman of the U.S. Federal Reserve Board, delivers his semi-annual assessment of monetary policy and targets to the Congress.

Mr Volcker would almost certainly like to see interest rates fall still lower, particularly if the nascent U.S. economic recovery looks like running out of steam. But his last attempt to lead interest rates downwards, with a cut in the discount rate to 8.5 per cent on December 13, has been counterproductive. Mr Volcker told the Congressional Joint Economic Committee two weeks ago. The Fed's action had only inflamed inflationary expectations and had ultimately pushed long-term interest rates up, instead of down. This proved that the Fed no longer had any "buttons" which it could press to keep interest rates falling, he said.

The implication was clear: there could be little hope of securing lower interest rates without making the markets more confident about inflation first.

The security markets' wild gyrations in recent years have made markets even worse. Wall Street now instinctively rejects the notion of a reasonably stable equilibrium level of interest rates, sustainable over an extended period of time. If interest rates have stopped heading down, then they must be heading up.

Because of beliefs like these, investors' fears about each other's inflationary expectations can feed on themselves, pushing interest rates up and could even stifle an economic recovery, whether or not the original alarm about inflation was widespread or well founded.

The root cause of this kind of perverse and dangerous behaviour was the experiment in money supply targeting which Mr Volcker himself launched in October 1979, and "temporarily" suspended last autumn, exactly three years later. For the essential promise of the new approach was to cure inflation with relatively little pain by persuading people to behave as if inflation were already eliminated because of their total confidence that the

Fed would stick to its monetary targets, come hell or high water. Having suspended his main target in October because he found it was too distorted to bear any relationship to inflation, or anything else in the real world, Mr Volcker may merely announce a new set of money targets today. The confusion will then persist.

Fed officials themselves freely admit that all the money figures will probably be subject to further revisions.

Fed officials themselves freely admit that all the money figures will probably be subject to further revisions.

the economy (nominal GNP)—is acknowledged by all to be in complete turmoil. And after last year, the markets will probably refuse to believe that Mr Volcker will simply stick to whatever monetary targets he announces, even if they have no rational economic justification.

Accordingly, Mr Volcker is now being urged from all sides, including many former monetarists, to give a justification for his monetary targets by adding a new objective—a fixed rate of nominal GNP growth. "Targeting money growth rates is not an end in itself, but merely a means of achieving control of nominal GNP," President Reagan's Council of Economic Advisers stated in its recent 1983 annual report.

Unfortunately the announcement of nominal GNP targets, apart from the technical problems, such as the inaccuracy of preliminary GNP figures, would add a new objective to the monetary policy problem.

It is, after all, inflation that investors are basically afraid of when they hold back from buying bonds despite apparently high real interest rates. And experience does not suggest that nominal GNP growth necessarily bears any clearer relationship than money supply growth to the true objective—inflation.

Between 1973 and 1975, for

example, nominal GNP growth fell from 11.8 to 8.0 per cent, while inflation rose from 5.8 per cent to 8.3 per cent. Inflation then fell back again to 5.8 per cent in 1977, while nominal GNP growth advanced to 11.7 per cent. Both the 1980s and the 1970s abound with examples when inflation and nominal GNP growth have moved in opposite directions.

Ultimately, of course, a sufficient reduction in nominal GNP growth does arrest inflation, usually with a time lag of a year or two. But what is probably going on beneath the figures—as in the current recession—is the familiar pre-monetary "Phillips curve." A sharp cut back in nominal GNP growth is simply a reflection of real economic output collapsing. In layman's language that means a recession—and every recession has been followed by a reduction in inflation.

Nominal GNP targeting only maintains the illusion that somehow, despite all the bitter experience of the past few years, it may still be possible to cure inflation by "expectations" alone, without creating unemployment or achieving an extraordinary degree of social consensus around an incomes policy.

The way that Mr Volcker could really prove his anti-inflationary mettle would be by adding a new objective—a fixed rate of nominal GNP growth. "Targeting money growth rates is not an end in itself, but merely a means of achieving control of nominal GNP," President Reagan's Council of Economic Advisers stated in its recent 1983 annual report.

Unfortunately the announcement of nominal GNP targets, apart from the technical problems, such as the inaccuracy of preliminary GNP figures, would add a new objective to the monetary policy problem.

It is, after all, inflation that investors are basically afraid of when they hold back from buying bonds despite apparently high real interest rates. And experience does not suggest that nominal GNP growth necessarily bears any clearer relationship than money supply growth to the true objective—inflation.

Letters to the Editor

Abolishing the metropolitan county councils

From the Chief Executive, Sheffield Chamber of Commerce.
Sir,—What are leaders of the metropolitan county councils so nervous about? They have just published a document defending their councils and have launched it at the House of Commons (at the ratepayers' expense of course), but the Government has not yet publicly stated that they should be abolished.

Could it be that they are unsure of their own ground? Their paper quotes as an example the increased annual costs which West Yorkshire County Council calculates would arise from its demise (amounting incidentally to no less than 9p a week for the average domestic ratepayer) but says nothing about the cost of retaining the existing bureaucracy.

Discerning the market's view

From Mr N. Stuchfield.
Sir,—Mr Samuel Brittan and other commentators have repeatedly made the point over the last few months that since the advent of indexed-linked gilts the possibility exists of easily discerning "the market's view" of long-term inflation rates, simply by subtracting the "real" redemption yield of an indexed gilt from the "nominal" redemption yield of a conventional gilt of the same maturity. To be fair to Mr Brittan and his colleagues, he does say that this gives only a "rough" indication, currently around 9½ per cent; I nevertheless wish to dissent from this view for a number of reasons.

Most importantly, indexed gilts give a risk-free real return if held to maturity (unless the Government defaults). Conventional gilts, on the other hand, clearly do not: they give a risk-free nominal yield (as long as the coupon reinvestment rate is predictable), but no more than this. Consequently, risk-averse fund managers may be more willing to accept a certain 2.3 per cent yield in real terms over a long period of time. Moreover, it seems reasonable to suppose that the longer the term to maturity, the greater the premium for risk the conventional gilt will require in order to entice the long-term holder to purchase it.

Short-term expectations factors will distort the yield differential between indexed gilts and their regular counterparts. For example, the expectation of

For example, South Yorkshire County Council has 100 elected members and at least 62 committees, which discuss such strategic matters as footpaths and the head on a pint of beer. There is also of course a planning committee, which following the Local Government, Planning and Land Act 1980 has no planning powers—not to mention the functions that are duplicated by the district councils.

The metropolitan county document says nothing either about the difficult relationship between the counties and the districts. When we started campaigning for the abolition of the metropolitan counties, we found a lot of evidence of duplication, obstruction and conflict between the two tiers. For this

reason I do not expect the districts to mourn the passing of the counties.

The obvious alternative to the present two tiers is to hand over the major services to the district councils jointly, thus creating a "local" government. After all for people in Sheffield, Barnsley, where County Hall stands, is hardly more local than Westminster. The counties of course have an answer to this: it would be a dilution of local democratic control. The interest of the electorate in exerting this control at district and county level is simply shown by the turnout in South Yorkshire at the last county council elections: 37.3 per cent. J. S. Hambridge, Commerce House, Earl Street, Sheffield.

measure available in this imperfect world. Nicolas Stuchfield, Wedd Durlacher Mordaunt Futures, Austral House, Basinghall Avenue, EC2.

Building societies' boards

From Mr C. Jackson.
Sir,—The published report of the working party on building societies draws attention to the potential conflict between democracy and efficiency, and concludes that a board "should have a good balance and breadth of relevant experience." It is surely also correct in stating that "the board is the proper body for carrying out a selection process for new board members." When, however, it states that "directors must choose between people . . . known to board members" it is surely failing to meet the recent criticism that in the past boards have been drawn from too narrow a pool.

Growing numbers of society members are looking to boards to achieve the highest possible return on their savings, and to market and carry out the society's present and expanding range of operations at the lowest possible cost. In consequence, the most effective future directors of building societies are likely to be active and successful directors of analogous but non-compelling organisations.

It is surely for these reasons that the recruitment of directors to the boards of building societies should be carried out in a professional manner. C. V. Jackson, 52, Grosvenor Gardens, SW1.

Harley Davidson and superbikes

From the Chairman, Kent Advanced Motorcyclists Group

Sir,—Any knowledgeable motorcycle enthusiast will, I am sure, at first be amused and saddened by Paul Taylor's (February 10) lack of understanding of Harley Davidson's position in the superbike market. Even the choice of picture to illustrate the article is inappropriate since it depicts a Harley tri-cycle specially developed for police and traffic warden work that can in no way be described as a high speed motorcycle.

The Harley Davidson range of large capacity machines can most charitably be described as a collection of dinosaurs kept alive by nostalgia and specialist enthusiasts. In today's terms they cannot be called "superbikes" for they lack the sophistication, good handling and superior performance of the rest of the world's machines in this class. They have an appeal to their protagonists in the same way that traction engines or steam trains attract attention.

The development of machines comparable to the universal Japanese motorcycle (UJM) has been stultified by Harley Davidson by the restrictive speed regulations prevalent in the U.S. and by the particular preference by American riders, in times past, for machines that would be comfortable at 55 mph on their highways over long distances.

True, Harley knocked up racing successes in the last two decades but only by importing design principles from Europe, resulting in specialised bikes that bore little relation to their standard touring production range. Rod Collins, Hazlehead, 25 Dornden Drive, Longton Green, Tunbridge Wells, Kent.

Pots and kettles

From Mr H. Wynne-Griffith.
Sir,—Mr Cormie (January 2) criticises the National Savings people for not coming clean on the "real" effect of the return on investors' money.

How many debentures and loan stocks have been endorsed by members of his august profession without reference to the effect of inflation?

The pot calls the kettle black—and I haven't even mentioned historic cost accounting! H. R. Wynne-Griffith, 3 Dulwich Wood Avenue, SE19.

Our First Class service to the USA offers the highest standards... and the lowest fares!



When you book First Class on Northwest Orient from London Gatwick to Boston or Minneapolis/St. Paul, you are sure of the highest standards of service . . . and the lowest fare! For all First Class passengers, there is a VIP lounge at Gatwick Airport. We also have sleeper seats on all our flights, with ample room to recline and relax, a choice of excellent food, stylishly presented, fine wines, in-flight movies and stereo. And fares that can save you hundreds of pounds on round trips to US destinations.

Our table shows only a few examples: because Boston and Minneapolis/St. Paul are major hubs on our coast-to-coast network serving 55 US cities, we could make the list much, much longer!

And if Executive Class is your choice, you'll find that Northwest Orient still offers the same unbeatable combination. The highest standards of service . . . and the lowest fares in their class! Just see your travel agent or contact us at the address below.

Northwest Orient Airlines, 49 Albemarle Street, London W1X 3FE. Reservations: 01-439 0171. Telex: 264820. Manchester Reservations: (061) 499 2471. Ireland Reservations: (011) 717766. Scotland Reservations: (041) 226 4175.

London to:-	Boston		Denver		Los Angeles		San Francisco		Seattle		Minneapolis St. Paul	
Class of Service	First class	Exec. class	First class	Exec. class	First class	Exec. class	First class	Exec. class	First class	Exec. class	First class	Exec. class
Northwest Orient	£416	£194	£559	£355	£665	£435	£673	£441	£625	£425	£448	£271
Lowest competitor	£940	£385	£952	£464	£1060	£472	£1060	£512	£949	£515	£1181	£726
Save at least	£524	£191	£393	£109	£395	£37	£387	£71	£324	£90	£733	£455

All fares quoted are one-way and correct at time of going to press. First class fares are year round and Executive Class fares are low season. The term "Executive Class" covers all equivalent Club Class fares.

NORTHWEST ORIENT
The American winner

Wednesday February 16 1983

David Buchan reports from Budapest on institutional plans to widen political representation

Hungary's reformers turn to politics

HUNGARY MAY have parliamentary elections in two years' time, with two or more candidates contesting individual constituencies.

The candidates will have to be officially approved, and the degree of electoral competition may vary around the country, but this is a significant step towards a country in the Eastern bloc, which does not offer a choice of political personality, let alone of policy, at the polls.

The aim is to see whether reform can breathe new life into Hungarian politics as it has into the economy.

Proponents of the electoral reform say it is an inevitable and long-awaited consequence of the decentralising and market-oriented economic changes that started in 1968, suffered a reverse in the mid-1970s, and have gathered speed again since 1978.

"Economic reform was always linked to changes in the political structure," says Mr Reszo Nyers, the Communist Party central committee member who is generally dubbed father of the Hungarian economic reforms.

This is echoed by another central committee member, Mr Istvan Huszar, who runs a party institute closely involved in drafting the electoral changes. Other leading figures are less sure that consumer choice should be extended beyond the economy.

According to Mr Huszar, three changes are being contemplated in time for the 1985 national and elections:

- the ruling Communist Party would formally instruct its front organisation, the People's Patriotic Front (PPF), to encourage the nomination of candidates for each parliamentary seat. Candidates could not be forced to run, but, at the very least, if constituency nomination meetings throw up several candidates, the PPF would not put any obstacles in the way of them all running;

- runners-up in elections would be designated stand-by MPs. If a sitting member died, or resigned, the stand-by would take his or her place. Thus, with something akin to the French "suppléant" system, election losers would not be "discouraged".

national leaders, such as Mr János Kádár, the Party first secretary, would be taken off the present individual constituency list, and put on a special, uncontested list comprising 10 to 15 per cent of the parliament's 350 seats. The stated aim would be to prevent notables like Mr Kádár from overshadowing rivals and inhibiting competition. It would also remove any risk of them ever being defeated.

Some liberal critics outside the Hungarian political establishment argue that such a mechanism, limited approach can achieve nothing. But establishment reformers believe that debate on the hustings would improve that in parliament, without breaching the bounds of Hungary's "socialist reality" or diluting the political composition of MPs, half of whom are not Communist Party members at present.

There is some cut-and-thrust in the committees or corridors of parliament, but, in plenary sessions, "we behave as if in church," says Mr Nyers, who is also an MP. "The measure of solemnity in parliament's working should be reduced," urges Mr Huszar, an MP, too. The more philosophical aim be-

hind enervating Budapest's neo-Gothic parliament is to provide a wider and more public forum for reaching a consensus between Hungary's increasingly outspoken and diverse interest groups than the back stairs network of consultations existing at the moment.

Virtually no one disputes the overall prosperity which economic reform has brought in recent years. Many grumble, however, at the prospect this year of a 4 per cent reduction in their real wages, which is the main domestic feature of the current International Monetary Fund adjustment programme for Hungary.

Consumers - there is now a National Council of Consumers - are upset by the prospect of further price rises of at least 7.5 per cent this year. Trade unions are anxious about the planned switch of labour from unprofitable to profitable sectors. The old and the unskilled feel left behind in the rush for freelance extra jobs in the largely private "second economy".

The style of the Kádár leadership has been to consult constantly and not to throw its weight around. But it is clear, for the future, that we have to institutionalise this

style. The style is not enough," Mr Nyers says.

The tricky issue of political change has come to the fore, not only to complement the economic reforms. Fifteen years' experience with those reforms has given Hungarians the self-confidence to tackle and control the pace of reform, though it has spun out of control elsewhere in Eastern Europe. That confidence is infectious. It seems to be the basis of Soviet acquiescence in Hungarian experimentation, now apparently reinforced by the ascent to the Soviet leadership of Mr Yuri Andropov, erstwhile ambassador to Budapest.

Mr Andropov may be pleased that the Kádár Government, by good luck or foresight, appointed one of his closer friends from his Budapest days to be ambassador in Moscow last summer. He may draw comfort from the Hungarian Government's recent, slightly tougher line against dissidents and its raid last month on the main "Samizdat" (underground publications) centre in Budapest. But this is minor, compared with the general assurance by the Government that political reform will not go too far or too fast.

THE LEX COLUMN

High noon at the UDS corral

Mr Gerald Ronson and the Bassishaw camp has emerged with a revised bid for the UDS group which pays scant attention to the store group's ambitious estimate of the worth of its property portfolio. Against UDS's argument that the net assets which are not being sold to Burton are worth 140p a share, Bassishaw is now offering 74p - roughly the same sort of discount which Woolworth shareholders accepted.

Bassishaw has timed its bid to put the utmost pressure on the opposition. Assuming it can post its revised offer today, it could go unconditional within a fortnight, thus effectively killing the extraordinary meeting to discuss the disposal of Burton before it has time to take place. The most likely outcome is that Bassishaw will be left short of the 50 per cent it needs to go unconditional, and UDS, in deep condave throughout yesterday, will presumably make a fight of it, so the extraordinary meeting promises to be a real shoot out.

Bassishaw's pricing is not as aggressive as its timing. While it is offering UDS shareholders cash, its differential over what shareholders would get from the Burton deal allows little for a trading recovery in the stores group. There may be legitimate doubts about UDS's ability to build on last year's trading gains, or, indeed, to maintain its improved dividend; most retailers, after all, have been enjoying an improved environment, and the group has not yet given evidence that its management has improved. But Mr Ronson may well have overdone his parsimony in bidding for a group which is now showing the first signs of sensible streamlining.

Dalgety
Dalgety has managed to achieve pre-tax profits of £18.1m against £19.6m despite a collapse in its Australian profits and a further deterioration in its Canadian operations. A repositioning of the company since the last serious Australian drought of 1974/5 has been achieved with some success, most notably in the integration of Spillers' animal feeds business in the UK and the development of hybrid pig-breeding in the U.S. Both of

these businesses have done well in the latest six months to December.

The results seem unlikely nonetheless to dispel the market's long-standing view of Dalgety as a company which reacts to events rather than anticipates them. In Australia, its distribution business accumulated construction equipment inventories until the recession was right upon it and has lost £4m on cut price sales in the first half. This has detracted from the performance of the stock agency business, which slipped only £1.7m to about £24m despite the drought. In the UK, the petfoods division has had to spend heavily on advertising to recoup market share. This has cut its pre-tax profits by 40 per cent and off-set the animal feeds and flour milling gains made in the UK.

Dalgety should be able to resolve these problems having turned round its U.S. frozen foods business since 1980 and rationalised Spillers' operations. But for the longer term, the company still waits on factors outside its control, most notably an upturn in prices for its Canadian lumber. At 336p, down 5p, the shares stand exactly where they did a year ago and yield a defensive 9.3 per cent.

Deep discounts

Any prospect of low-coupon stock playing an important role in revitalising the UK corporate market looks remote. That, at any rate, seemed to be the consensus yesterday at the Institute of Fiscal Studies' seminar on the Government's proposed treatment of deep discounted stock. The Government's enthusiasm over the potential is based on the seductive zero-coupon issues generated a couple of years ago in the U.S. But much of the attraction for borrowers was the straight-line treatment of the discount over the life of the stock for tax purposes. As Stephen Schaefer of the London Business School demonstrated, this generates such valuable tax allowances that it is theoretically worthwhile for companies to give the stock away gratis.

The legislative switch in the U.S. to a compound yield basis took a lot of the fun out of the game, and the

UK Government looks likely to follow the U.S. example. Not only are the tax benefits removed, but the rules are extremely complicated - a factor enough on its own, as Gordon Pepper of Greenwell pointed out, to shrink and fragment the potential market.

The Revenue is wriggling uneasily on its self-imposed hook of "symmetry" of tax treatment for borrowers and lenders. But symmetry on its own is an inadequate guard against distortions. Moreover in market terms it is a chimera, when many investors and the main competing investment of gilt-edged enjoy tax privileges. If the Government wants to encourage the early expansion of the corporate bond market perhaps its best option would be to design a specific tax concession. Since bond finance would in part be replacing tax privileged leasing deals, the net loss to the Exchequer need not be exorbitant.

Arthur Guinness

All those hard-pressed engineering companies which can scarcely afford the cost of essential reorganisations must be looking with envy at the way Arthur Guinness's balance sheet has enabled it to swing the axe in the last year. Even after a £45.4m reduction in shareholders' funds, concentrated by an unfavourable £2m foreign exchange movement, the group's capital gearing emerges at a manageable 41 per cent.

The annual report for the year to September reinforces the impression that Guinness's new management has tried to cut as deeply as possible in its first year. Within the £48.7m extraordinary charge, provisions amount to almost £21m, of which some may be clawed back - below the line - if income from film distribution exceeds expectations. The disposal programme, a hefty reduction in working capital, and a cut in investment has also generated cash, bringing down borrowings by £25m. So Guinness has succeeded in withdrawing from its ill-fated diversifications in one piece - the question now is whether it can stem the volume decline in its central product.

Turkey to cut dues on straits shipping

By Metin Munir in Istanbul

TURKEY will shortly rescind a three-month-old decision which sharply raised dues on vessels crossing the Bosphorus and Dardanelles, the strategic gateway between the Black Sea and the Mediterranean, according to shipping sources in Istanbul.

The high dues brought protests from the London Shipping Chamber of Commerce, the Baltic International Maritime Conference Organisation (Bimco), and the Turkish Shipping Chamber of Commerce, but the strongest objection came from the Soviet Union, Turkey's neighbour, which uses the straits more than any other country.

The Soviet Union told Ankara it would pay no dues until it had considered the implications. Soviet merchant ships accounted for half the 30,000 vessels which crossed the Bosphorus in 1982, said shipping sources.

The Turkish Government's decision nearly quintupled transit, sanitary and light dues. One shipping agent said total dues paid by a 81,500 dwt tanker which has company serviced rose to \$53,000 from \$11,000.

Turkey suddenly increased dues by applying an article in the 1936 Montreux Convention governing the status of the Bosphorus. This fixed dues according to the gold franc, which is no longer in circulation.

On November 15 shipping agents in Istanbul learnt that Turkey would start charging dues according to the gold franc's intrinsic current value as denominated in the Montreux Convention.

Turkey's central bank started issuing the price of gold daily. The Government hoped to double revenues from transit, sanitary and light dues to about \$20m annually.

Shipping sources say Turkey will not revert to the pre-November level but will reduce dues substantially.

There was a hint of the revised charge in a decree in yesterday's official gazette. The decree said the central bank would discontinue announcing the price of gold daily and, instead announce one price a year. It would be the average price of gold in the London market in the previous year.

Some shipping agents speculated that the dues could be based on this price.

SA banks move on prime rate in bid to mop up liquidity

By Bernard Simon in Johannesburg

SOUTH AFRICAN banks are to cut their prime lending rate from 17 per cent to 16 per cent, just nine days after the new rate will take effect. It is expected to drop further today. It stood at 11.6 per cent before the exchange control measures were taken 10 days ago.

Barclays National Bank, the country's largest banking group, said the new rate will take effect today. Standard Bank Investment will implement the lower rate at the end of the week.

The reduction in prime lending rate reflects a further sharp drop in short-term interest rates on the money market. The move indicates that the relaxation of exchange controls has so far failed to prompt any outflow of funds, despite South Africa's uncertain political outlook and the more advantageous exchange rate for the withdrawal of

investments after the abolition of the financial rand.

The key three-month bankers' acceptance rate fell yesterday from 11.6 per cent to 11.4 per cent and is expected to drop further today. It stood at 11.6 per cent before the exchange control measures were taken 10 days ago.

The continuing build-up in liquidity is partly a result of the rising gold price, which has pushed the current account of the balance of payments into healthy surplus in the past few months.

It also reflects speculation on a further appreciation of the rand. Since the scrapping of currency controls on foreigners, the rand has risen by more than two U.S. cents.

It closed yesterday at 90.38 cents and foreign exchange analysts fore-

cast an appreciation to around 92 cents within the next few weeks.

As a result, many foreigners, including those who have sold shares on the Johannesburg Stock Exchange in the past week, have left their funds in South Africa for the time being. One bank estimated that this pool could total between R200m and R300m.

The high level of domestic liquidity has raised doubts as to whether Pretoria will draw the remaining \$400m of the \$1.2m International Monetary Fund (IMF) loan package approved last November.

A senior Reserve Bank official said yesterday that no decision had yet been taken on whether to draw the outstanding amount. He added, however, that none of the funds drawn so far had been repaid.

Money markets, Page 34

Failed U.S. bank taken over

By Paul Taylor in New York

FIRST Tennessee National, Tennessee's largest bank holding company, yesterday took control of the failed United American Bank of Knoxville after the Knoxville bank was declared insolvent and closed on Monday.

The Knoxville bank, with assets of nearly \$700m and deposits of about \$500m, is Knoxville's largest bank and the flagship of five Tennessee banks controlled by Mr Jake Butcher, a local politician and entrepreneur.

The bank was closed on Monday by Mr William Adams, Tennessee banking commissioner, after a two-week examination by bank regula-

tors revealed "large and unusual" loan losses, thought to total about \$70m, and a substantial number of loans classified as doubtful or substandard.

Together, the loan losses and other classified loans totalled about \$250m, or more than half the bank's total loan portfolio of \$400m. The Bank's total capital is about \$40m.

The Knoxville closure was the fourth U.S. banking failure so far this year and the fourth largest since the 1930s depression.

United American recently reported a fourth-quarter loss of \$5.4m, which, it said, reflected a \$7.5m increase in loan loss reserves. The

bank reported a full-year loss of \$2.3m and warned at the time that further losses could be expected as a result of the bank examiner's investigation. However, the apparent scale of the losses seems to have come as a surprise.

First Tennessee National, based in Memphis, already owns banks with total assets of \$30m.

The agreement between Federal Deposit Insurance (FDIC), which was appointed receiver for United American, and First Tennessee followed a weekend of negotiations.

Confidential Illinois tries to repair image, Page 15

Hyster pay cut deal

Continued from Page 1

ernment subsidies and is designed to create about 1,000 jobs up to 1989. The plan would be the biggest expansion in the Irvine area since the New Town Corporation was formed in 1967.

The company said it had embarked last year on a cost reduction campaign involving executive salary reductions, a freeze on wages of all salaried employees worldwide.

A decision to close the Irvine plant would have aggravated the severe unemployment in the area, which is already nearly 30 per cent among males.

In addition to six plants in the U.S., one in Canada, one in Brazil and one in Australia, Hyster operates five in Europe. Hyster Europe, based in Basingstoke, England, serves the European, Middle East and African markets from the following plants:

- Nijmegen: makes electric-powered trucks from one to three-tonne capacity, diesel and petrol models from three to 40-tonne capacity. Nearly 600 employees.

- Irvine: electric and diesel-powered trucks with up to 16 tonnes lifting capacity. It is the biggest European plant, with nearly 600 employees.

- Tessenlo: manufactures components. 180 employees.

- Craigavon: manufactures one range of two to three-tonne engine-powered trucks for world market - Japanese competition is most fierce in this range. About 250 employees, but may rise to 800.

- Blanchardstown (near Dublin): research and development activities with plans for production of automated materials handling equipment. Less than 100 employed - but may rise to 1,000.

UK industrial output falls

Continued from Page 1

be signs of a levelling off towards the end of the year.

The only cheer to be gained from yesterday's figures was a tentative sign of improvement in the production index for December. The all industries' index rose by 1.5 per cent compared with the previous month, but this was no more than a recovery of the sharp fall between October and November. For the last three months as a whole, total output was about 0.6 per cent below its level in the third quarter. For all industries apart from oil, the fall was about 1.5 per cent between the two quarters.

The detailed figures show a fall in output in every sector between the last two quarters of 1982, with particularly sharp declines of 5.4 per cent in metal manufacturing and 3.2 per cent in investment goods.

The Commission is somewhat divided on how vigorously to pursue the cases against France. It has been alarmed by complaints from left-wingers within the French Socialist Party that Brussels is bent on frustrating the application of socialist policies.

French machine tool aid

Continued from Page 1

One, to help research and modernisation, is worth about FF170m (\$25m) a year and is financed by a tax on textile sales. The other, worth FF70m a year, is similarly financed and helps technical research in the clothing industry.

A communiqué was issued in Paris at the end of January claiming that the controversial aid had no impact on intra-Community trade. France's partners had, in any case, boosted their share of the French textile market in the last 12 months, the communiqué pointed out.

The French Government

identified three other industries for special attention when it launched its internal market strategy in December 1981. These were furniture, toys and leather and shoes and the policies for each sector are still being scrutinised in Brussels.

The Commission is somewhat divided on how vigorously to pursue the cases against France. It has been alarmed by complaints from left-wingers within the French Socialist Party that Brussels is bent on frustrating the application of socialist policies.

World Weather											
Area	C	F	Area	C	F	Area	C	F	Area		
Algeria	10	50	Dusseldorf	13	55	Madrid	8	45	Seville	12	54
Athens	17	63	Lyon	10	50	Marseille	15	59	Soerenga	12	54
Bombay	25	77	Paris	9	48	Munich	11	52	Stockholm	1	34
Buenos Aires	14	57	Frankfurt	1	34	Nuremberg	5	41	Switzerland	1	34
Calcutta	22	72	Geneva	1	34	Vienna	11	52	Taipei	10	50
Canton	11	52	Hamburg	9	48	Zurich	11	52	Tokyo	10	50
Cebu	27	81	London	8	46	Brussels	11	52	Hankow	10	50
Colon	28	82	Madrid	11	52	Amsterdam	10	50	Harbin	10	50
Hankow	10	50	Paris	9	48	Osaka	10	50	Shanghai	10	50
Hong Kong	22	72	London	8	46	Tokyo	10	50	Shanghai	10	50
Kobe	10	50	London	8	46	Tokyo	10	50	Shanghai	10	50
London	8	46	London	8	46	Tokyo	10	50	Shanghai	10	50
Los Angeles	15	59	London	8	46	Tokyo	10	50	Shanghai	10	50
Manila	27	81	London	8	46	Tokyo	10	50	Shanghai	10	50
Medan	27	81	London	8	46	Tokyo	10	50	Shanghai	10	50
Montreal	10	50	London	8	46	Tokyo	10	50	Shanghai	10	50
Moscow	10	50	London	8	46	Tokyo	10	50	Shanghai	10	50
Mumbai	27	81	London	8	46	Tokyo	10	50	Shanghai	10	50
Nairobi	27	81	London	8	46	Tokyo	10	50	Shanghai	10	50
San Francisco	10	50	London	8	46	Tokyo	10	50	Shanghai	10	50
Singapore	27	81	London	8	46	Tokyo	10	50	Shanghai	10	50
Sourabaya	27	81	London	8	46	Tokyo	10	50	Shanghai	10	50
Taipei	10	50	London	8	46	Tokyo	10	50	Shanghai	10	50
Tientsin	10	50	London	8	46	Tokyo	10	50	Shanghai	10	50
Tokyo	10	50	London	8	46	Tokyo	10	50	Shanghai	10	50
Yokohama	10	50	London	8	46	Tokyo	10	50	Shanghai	10	50

Readings at mid-day yesterday

C-Clearly D-Drizzle F-Fair S-Sunny Sh-Shell S-Snow T-Thunder

TO LET

INDUSTRIAL/WAREHOUSE UNIT AT NAZEING, ESSEX

5 miles from M25
and 1 mile from Broxbourne Herts

45,000 sq. ft. self-contained
Industrial/Warehouse Unit
Built 1975

£1.00 per sq. ft. initial rent

Enquiries to:
David Green,
Westminster Bunting Limited,
17, Great Cumberland Place,
London, W1H 8AR
Tel. 01-262 6622

FULLER PEISER
Chartered Surveyors

Value and Sell
Property and Plant

Head Office (City) Telephone: 01-353 6851
and at Mayfair, Sheffield, Edinburgh and Paris.

SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Wednesday February 16 1983

FEB
MANUFACTURERS & SUPPLIERS
OF BUILDING & CHEMICAL PRODUCTS
FOR THE CONSTRUCTION INDUSTRY

FEB INTERNATIONAL LTD
Albany House, Swinton Hall Road, Swinton,
Manchester M27 1DT. Tel: 061 794 7411

Swedish commercial banks ahead despite loss provision rises

BY DAVID BROWN IN STOCKHOLM

SWEDEN'S two largest commercial banks, Skandinaviska Enskilda Banken (SEB) and Svenska Handelsbanken (SHB), reported mildly increased earnings for 1982, with results in both cases held back by significantly larger credit loss provisions. SEB lifted its profits by 3.3 per cent to SKr 1.1bn (\$148m), while SHB's earnings rose by 8 per cent to SKr 1.2bn.

On the consolidated account, SEB's earnings climbed 3.5 per cent to SKr 1.4bn, while SHB reported an 8 per cent growth to SKr 1.4bn.

The SEB board has recommended a dividend of SKr 11.25 for A-shares, up from SKr 10, and SKr 18.75 for B-shares, up from SKr 17.5 last year. The bank is also to increase share capital by SKr 201m with an option on one new A-share for every five existing shares.

SHB proposes a dividend of SKr 8.25 on its common stock, up SKr 0.75 from 1981.

The earnings figures for both banks reflect higher provisions for credit losses, in the case of SEB SKr 180m from SKr 81m last year, and for SHB an increase of SKr 110m to SKr 160m.

The 18 per cent devaluation of the Swedish krona last October accounted for a loss of SKr 130m for SEB, and SKr 47m for SHB.

The results show for the first time inclusion of bond transaction losses on the balance sheet, with SEB registering losses of SKr 121m, down 4.6 per cent over last year, and SHB showing losses of SKr 75m, up 13 per cent.

In addition to the higher figures for bond transaction, credit and devaluation losses, the statement reflects a recent change in accounting principles recommended by the Swedish bank inspectorate.

Banks were previously permitted to spread such losses over a discretionary period, while the new principle specifies that they should be reflected over a three-year period. Figures for 1981 are adjusted to reflect this change.

Stora calls shareholder meeting on bond issue

BY DAVID BROWN IN STOCKHOLM

THE BOARD of the Stora Kopparberg group, a forest products concern, has called an extraordinary shareholders' meeting to discuss their proposed issue of SKr 495m (\$66.6m) in convertible bonds, to be purchased by Volvo.

The 8 per cent five-year bond could be converted into Stora Kopparberg shares at any time before the end of 1984, giving Volvo a 23 per cent holding. Volvo purchased a 25 per cent interest in Atlas Copco, the Swedish compressed-air and hydraulic machinery group, in 1982, and the bond issue would represent Volvo's second purchase of a company regarded as belonging to the Wallenberg sphere.

Under Swedish tax law, dividends on holdings above 25 per cent are granted tax freedom, and Volvo characterised the deal as a "strategic investment."

The Stora Kopparberg directors said Volvo's industrial experience and financial resources could be positive and stabilising factors for Stora Kopparberg, which is embarking on a SKr 800m investment to modernise its large newsprint mill.

Esab, the Swedish welding equipment group, raised its pre-tax earnings 43 per cent to SKr 160m (\$21.5m) in preliminary figures for 1982. The company said better earnings at its Brazilian and European subsidiaries were responsible for the improvement.

Sig Bergesen ahead

BY FAY GJESTER IN OSLO

NORWAY'S Sig Bergesen shipping group says its fleet earned record profits last year, despite "the most difficult shipping market for the past 50 years."

Operating profits, before interest costs and depreciation, rose to Nkr 653m (\$52.5m), some Nkr 100m on a year earlier. In addition, the group earned a profit of Nkr 200m on the sale of its offshore work-barge Berge Worker, formerly Sea Troll. Profitable charters of the group's liquid petroleum gas (LPG) carriers accounted for much of the 1982 profits rise, according to profit this year.

Profit after routine appreciation, but before allocations to funds and end-year appropriations, was Nkr 500m - Nkr 225m higher than in 1981. The dividend payable to shareholders in the group's three shipping companies is being increased to 20 per cent, from 18 per cent in 1981.

The Bergesen fleet at end-1982 numbered 43 ships, including nine LPG carriers. Acquisitions during the year totalled four vessels - two new LPG carriers and two super-tankers which formerly belonged to the Reiksten fleet. Bergesen has stakes of 62 per cent in one tanker and 53 per cent in the other.

THE BIG ILLINOIS BANK PICKS ITSELF UP AFTER A BAD YEAR

Continental returns to the basics

BY PAUL TAYLOR IN NEW YORK

BATTERED and bruised Continental Illinois Bank, the biggest corporate lender in the U.S., is going back to banking basics in an attempt to rebuild its tarnished image and its profitability.

The Chicago bank suffered a sharp reversal in earnings and prestige last year after its five-year-old "go for growth" policy came unstuck.

First it was hit by the recession. The slump in demand, coupled with high interest rates, pushed many of its corporate clients, particularly those in the energy and property sectors, to the brink of bankruptcy - and some over the edge.

But the bank suffered the real body blow when an otherwise insignificant Oklahoma city bank called Penn Square failed last July.

Continental had bought \$1.05bn in energy loans from Penn Square. Despite signs of a recovery in the third and fourth quarters, Continental closed 1982 reporting a 67 per cent plunge in net operating earnings to \$84.4m or \$2.12 a share.

Loan losses soared and non-performing loans almost tripled to \$1.5bn or 5.6 per cent of total loans compared with an industry average of less than 2.0 per cent.

Of the \$1.5bn bundle of non-performing loans, \$593m related to Penn Square.

Mr Roger Anderson, Continental's 61-year-old chairman and chief executive since 1973, believes "1983 will be a better year for us than 1982, barring any major unforeseen developments in this country or major deterioration in the international situation."

He expects a substantial reduction in charge-offs and provisions this year, together with a further reduction in non-performing loans. This should help the bank's earnings and profitability, which plunged to a paltry 0.18 per cent return on assets and 4.9 per cent return on equity last year. Most analysts doubt whether earnings will exceed about \$3 a share this year.

Mr Anderson brushes off suggestions that the management structure may have been weakened by the upheaval after Penn Square, or that staff morale may have been adversely affected by the trauma - or the bank's decision to suspend profit-sharing and bonus schemes last year.

Morale, he says, is quite good and there has been no mass exodus of staff.

Turnover last year at the executive level was less than in 1981, although he says this may reflect the fact that banks in general are not hiring as much these days.

Continental has set up a new credit risk evaluation department, known around the bank as Cred, to oversee and review lending. But even without Cred, Mr Anderson says bank lending would have slowed.

"I do not want to minimise the problems we encountered. We had a strong emphasis in the past on credit quality and that was not observed. The big change we are making in strategy is a reinforcement of credit quality. We will continue to have an emphasis on earnings but not at the expense of credit quality," he said.

If, as a result, Continental slips from being the number one U.S. corporate lender, few tears will be shed in Chicago. The bank has already slipped a place in the assets league table, dropping from sixth to seventh largest bank - from \$48.9bn to \$42.9bn at the end of 1982. This shrinkage has had the probably welcome effect - from the point of view of bank regulators - of reducing leverage and increasing the ratio of equity to total assets from 3.9 per cent to 4.0 per cent.

But the contraction in deposits also reflects the expensive "premium" which Continental is still being forced to pay for its money market funds.

Although the premium is less than the 1 percentage point Continental was being forced to pay at one point last year, the bank is still paying between 4 and 5 per cent of a percentage point more than other major U.S. banks for its commercial paper and domestic certificates of deposit.

Despite the premium, Continental did manage to increase its net interest income last year by \$85m to \$995.8m. Although some other banks were able to take advantage of lower interest rates and substantially increase net interest margins, Continental's margin only nudged up 2 basis points to 2.48 per cent.

The new high-interest money market accounts which the banks were able to offer from mid-December may help Continental while other banks fear they could nibble away at margins.

Devoid of a strong retail banking base and large-core deposits of "cheap" savings accounts, Continental has bid aggressively for these new consumer deposits. They represent net new money at rates which Mr Anderson, like others, is convinced will decline with time.

Continental also has other posi-

Australian aluminium groups in the red

By Lachlan Drummond
in Sydney

COMALCO and Alcan Australia, aluminium companies, both operated in the red in the second half of 1982 as a result of reduced demand and prices for their output.

For Comalco, an AS4.98m (US\$3.48m) second-half loss against an AS15.83m profit in 1981 left annual earnings 92 per cent down from AS31.78m to AS2.34m before taking in the company's equity share of associates' profits.

At Alcan, the second-half loss of AS8.45m against an AS2.36m profit compounded a smaller deficit in its opening six months to push it to an AS10.78m loss against a profit of AS7.34m previously.

Alcoa of Australia, the industry leader, last month reported a 40 per cent drop in profits to AS61.1m to outperform most world aluminium companies.

The annual profit of Comalco, now 70 per cent owned by the Rio Tinto Zinc (RTZ) offshoot CRA after the departure of Kaiser Aluminium of the U.S. as a shareholder, came from sales only 2.1 per cent higher at AS79.82m and was struck after tax of AS18.31m against AS44.69m.

Interest charges were a significant factor in the result, with a 44.7 per cent growth to AS44.15m. Depreciation was almost steady at AS46.6m.

Alcan saw its sales decline by AS2m to AS23.45m and was hit by a jump in net interest charges from AS16.6m to AS21.8m. A further AS13.3m (AS4.4m) was paid but capitalised.

Eastman Kodak, the giant U.S. photographic products group, reported an earnings gain from \$371.4m to \$428.8m in the final quarter of 1982. But earnings for the year as a whole were down, and the group remains cautious about the outlook for the current year.

Earnings from operations declined by a tenth to \$1.86bn in 1982, and net income fell from \$1.24bn, or \$7.66 a share, to \$1.19bn, or \$7.12.

Kodak said that earnings would have been an estimated \$1 a share higher if 1981 exchange rates had prevailed and all other factors had remained the same during the year.

However, lower U.S. pension costs following a change in actuarial method and revised actuarial assumptions benefited net earnings for the year by about 48 cents a share.

Sales in 1982 rose from \$10.34bn to \$10.81bn, and in the final quarter they were up from \$3.07bn to \$3.39bn. This increase reflected slightly higher volume and the inclusion of an extra two months' sales by subsidiaries outside the U.S. and Canada - a step taken to align more closely the reporting periods of all photographic units.

The inclusion of the extra two months penalised earnings by around \$22m, mainly because of adverse currency movements.

Tiger suspends half of its debt repayment

By Our Financial Staff

TIGER INTERNATIONAL, the U.S. air freight, railcar leasing and trucking group, has suspended payments of interest and principal on about half its \$1.5bn of debt.

The company, which recently reported a net loss for 1982 of \$136.2m compared with a net loss of \$16.6m a year earlier, said it was taking the action as a "cash conservation measure."

The decision, which will put the company in technical default on some of its loans, was announced late on Monday after Tiger met its creditors in Los Angeles.

It will defer payments on bank and institutional debt but will continue to make payments on public debt.

Richard Lambert in New York looks at an expanding investment firm

Goldman Sachs and its ambitions

"OUR LONG-TERM target is to become the first truly international investment banking firm, unlike anything which exists at present," says Mr John Whitehead modestly. Even for the joint senior partner of Goldman Sachs, that seems a large ambition.

The firm, which is now easily the biggest partnership in the U.S. securities industry, already has a long list of international clients, and has acted for a large number of European companies in their rush to acquire U.S. assets. Nearly a fifth of its income arises from overseas business compared with, maybe, a tenth two years ago.

Other investment banks also have a major presence in foreign markets already. Morgan Stanley, with its sizeable share of the Euro-bond business, is one example.

But Mr Whitehead has his mind on bigger things. "We aspire over time to reach a position where we are as important to investors in Britain and other financial centres as we are to investors in the U.S.," he says.

"If 20 per cent of the leading companies in the U.S. are now our clients, which is roughly the case, we would like to feel that 50 per cent of the leading groups in other financial centres were also our clients."

Behind this objective lies the firm's belief that the world's financial markets are becoming increasingly international in character. The trend in this direction was accelerated in the past couple of years, partly because very high interest rates have encouraged borrowers to look for new sources of finance, and intermediaries to dream up fancy new ways of raising money.

The introduction of the Securities and Exchange Commission's Rule 415 - the so-called shelf registration rule - has also played a part, by bringing the practices of the U.S. capital markets more into line with those of Eurobond traders.

Goldman Sachs is not planning to take the foreign centres by storm. The firm made a splash on the acquisition front at the end of 1981, when it acquired J. Aron, a commodity dealer with high interests in precious metals and foreign exchange, for well over \$100m. But in general, says Mr Whitehead: "We want to grow steadily, and not take huge steps that might damage the character of the partnership."

The firm is anxious to preserve its current partnership structure, and has no plans for going down the road followed by Salomon Brothers, the investment bank whose part-

ners agreed to be taken over by Philbro in 1981 for (almost) untold gold. And as for going public - Mr Whitehead shudders politely at the idea.

He can afford to be laudicious. The firm publishes only the bare skeleton of a balance sheet: the latest figures, released in the last few days, show that partners' capital after income tax reserves, climbed from \$272m to \$363m in 1982, while the balance sheet footings exceeded \$12bn. At the end of 1979, the balance sheet amounted to just \$3.4bn, while the partners' capital was a modest \$115m.

As for profits, the firm once revealed that its net income before taxes had averaged well over \$25m a year in the second half of the 1970s. The betting on Wall Street is that the firm made more than 10 times that sum in 1982.

For perspective, Merrill Lynch - which at the last count had shareholders' equity of about \$3.1bn - made \$308m after tax in 1982.

So, international expansion will not be constrained by a lack of capital. As evidence of its strategy, Mr Whitehead cites the firm's recent acquisition of a small merchant bank in London from the First National Bank of Dallas, its move to upgrade the status of its business in



Mr John Whitehead

Tokyo from a representative office to a branch, and the setting up of a newly-formed group to provide financial services and advice to foreign governments.

With more than a passing glance at the business garnered in this area by the so-called Troika - Warburg, Lehman Brothers Kuhn Loeb and Lazard Frères - the new unit will be led by Mr Robert Hormats, who was until recently the Assistant Secretary of State for econom-

ic and business affairs at the U.S. State Department.

International growth would help to broaden the base of what is already one of the more diversified investment banks. Mr Whitehead says that roughly 30 per cent of its revenues comes from activities which the firm was not significantly involved in five years ago - with foreign exchange and commodity trading as obvious examples.

Why bother to go overseas when the U.S. markets are so spectacularly profitable? Mr Whitehead agrees that the U.S. securities market is going through an almost unprecedented boom - but he is not quite as happy about it as you might expect. On the domestic front, he is strongly opposed to the new Rule 415 - which he bears is putting the U.S. capital markets in danger by allowing securities to be sold to the public without enough information being provided to form a proper judgment. Internationally, he sees the continuing spectre of a financial crisis.

"The late 1920s have been in mind more than usual," he admits. "I have never before experienced this kind of lousy atmosphere. While I believe that securities have been undervalued, and that what is happening is basically logical and justified yet still I can't help but be concerned."

Kodak sees gain in quarter

By Our New York Staff

EASTMAN KODAK, the giant U.S. photographic products group, reported an earnings gain from \$371.4m to \$428.8m in the final quarter of 1982. But earnings for the year as a whole were down, and the group remains cautious about the outlook for the current year.

Earnings from operations declined by a tenth to \$1.86bn in 1982, and net income fell from \$1.24bn, or \$7.66 a share, to \$1.19bn, or \$7.12. Kodak said that earnings would have been an estimated \$1 a share higher if 1981 exchange rates had prevailed and all other factors had remained the same during the year.

However, lower U.S. pension costs following a change in actuarial method and revised actuarial assumptions benefited net earnings for the year by about 48 cents a share.

Sales in 1982 rose from \$10.34bn to \$10.81bn, and in the final quarter they were up from \$3.07bn to \$3.39bn. This increase reflected slightly higher volume and the inclusion of an extra two months' sales by subsidiaries outside the U.S. and Canada - a step taken to align more closely the reporting periods of all photographic units.

The inclusion of the extra two months penalised earnings by around \$22m, mainly because of adverse currency movements.

But perhaps the biggest factor in Continental's convalescence will be the state of the U.S. domestic economy. Inevitably, Continental's name will continue to figure high on the court lists of creditors to those companies which do not make it and are forced into bankruptcy proceedings.

Lower interest rates have already helped Continental's property clients, who represent about 12 per cent of the bank's total loan portfolio, and about 25 per cent of the non-performing category. Time, and an economic recovery, may yet heal Continental's other deep scars.

But the bank certainly believes the worst is past. Bank officers cannot conceive of a day as bad as the one when they announced a \$81m second-quarter loss. The same day a crane fell off the top of Continental's lavishly New York office block, killing a pedestrian below.

Intl. Thomson buys U.S. publications

INTERNATIONAL Thomson Organisation is to buy the American Banker and the Bond Buyer, two New York-based financial publications, and related information services, for \$58m in cash, write David Dodwell in London and Paul Taylor in New York.

The deal takes purchases by this U.S. subsidiary of the International Thomson Organisation, the Toronto-based international energy, travel and publications group, to about \$350m over the past three years. The American Banker, a daily newspaper founded in 1836, together with the Bank Administration

Institute, provides an on-line information service to the U.S. banking industry. Bond Buyer, established in 1891, publishes a number of credit market publications and provides a syndicated service to dealers and institutions.

Mr Michael Brown, the subsidiary's chief executive, said: "We believe that the greatest growth industry in the U.S. over the next decade is the information industry. My dedication is to selling information to people who have to have it for their jobs."

International Thomson's U.S. publishing activities accounted for

about \$300m in 1982. With turnover from its travel and oil operations, earnings amounted to \$450m in 1982 and are expected to be substantially higher in 1983.

International Thomson in the U.S. bought four publishing operations, for a total of about \$50m in 1982. In 1981, it bought Warren Gorham and Lamont, and the Lytton Industries publishing group for about \$63m each.

International Thomson established its present U.S. structure in 1978. Its oil operations, launched in 1979, were described by Mr Brown as "profitable, but not as profitable as

we would like." The travel business, started from scratch in 1980, is "still losing money."

In contrast, publishing has proved highly profitable, with the company adopting a policy of using profits to acquire new businesses. Mr Derek Steinmann, who will remain as American Banker and Bond Buyer chairman and chief executive, said yesterday the purchase would help his publications take advantage of "outstanding opportunities for growth and development."

The publications, owned by a trust, have not disclosed turnover

NEW ISSUE

These securities have been sold, this announcement appears as a matter of record only

FEBRUARY, 1983

IBJ

The Industrial Bank of Japan, Limited

(Kabushiki Kaisha Nippon Kogyo Ginko)
(A Japanese Corporation)

US \$100,000,000

10 7/8 per cent. Bonds Due 1990

Issue Price 99 3/4 per cent.

IBJ International Limited

Morgan Stanley International

Chase Manhattan Capital Markets Group

Credit Suisse First Boston Limited

Deutsche Bank Aktiengesellschaft

Dillon, Read Overseas Corporation

Lloyds Bank International Limited

Manufacturers Hanover Limited

Merrill Lynch International & Co

Samuel Montagu & Co. Limited

Morgan Guaranty Ltd

J. Henry Schroder Wagg & Co. Limited

Société Générale

S. G. Warburg & Co. Ltd.

McCorquodale Holdings, Inc.

a subsidiary of

McCorquodale PLC

has acquired an interest in

The Dealers' Digest, Inc.

Kleinwort, Benson (North America) Corporation

initiated this transaction and acted as financial advisor to
McCorquodale Holdings, Inc.

North American Car Corporation

has sold its

Terminal Services Division

to

P.D. Oil & Chemical Storage, Inc.,

a subsidiary of

Powell Duffryn PLC

Kleinwort, Benson (North America) Corporation

initiated this transaction and acted as financial advisor to
North American Car Corporation.

Portals Water Treatment, Inc.

a subsidiary of

Portals Holdings PLC

has acquired the water treatment business of

Zimmite Corporation

Kleinwort, Benson (North America) Corporation

initiated this transaction and acted as financial advisor to
Portals Water Treatment, Inc.

TRANS-NATAL COAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

REPORT FOR THE QUARTER ENDED 31 DECEMBER 1982

(Unaudited group results)

	Quarter ended 31.12.82	Quarter ended 30.9.82	Quarter ended 31.12.81	Quarter ended 30.9.81
Tons sold ('000)	7,171	6,106	7,409	15,277
GROUP INCOME	R(000) 24,518	R(000) 32,281	R(000) 24,610	R(000) 56,799
Net income before amortisation and taxation	2,753	2,215	1,436	4,968
Deduct: Amortisation of mining assets				
Net income before taxation	21,765	30,066	23,174	51,831
Deduct: Provision for taxation	10,055	13,891	10,706	23,946
Outside shareholders' interest	1,091	1,463	1,465	2,554
Provision for preference dividend	1,498	1,498	1,498	2,996
NET GROUP INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	9,121	13,214	9,505	22,335
CAPITAL EXPENDITURE	33,704	36,142	32,615	69,846

Earnings per share for six months: 42 cents (1981: 35 cents).

Notes:

- Dividend No. 40 of 30 cents per share was declared on 1 December 1982 and is payable on 17 February 1983.
- The decrease in net income before taxation of R8.3 million, compared with the previous quarter, is mainly attributable to reduced export sales and lower prices aggravated by declining demand in the local market. Indications are that in the next quarter there will be a slight improvement in income from export sales.

On behalf of the Board

S. P. ELLIS | Directors
T. L. DE BEER
Johannesburg, 16 February 1983



Companies and Markets

INTL. COMPANIES & FINANCE

GM JOINT VENTURE MAY FACE UNION HURDLE

Toyota seeks Fremont labour accord

By JUREK MARTIN AND YOKO SHIBATA IN TOKYO

THE AGREEMENT between Toyota and General Motors to jointly produce cars in the U.S. is still subject to a satisfactory labour relations accord being reached, Mr. Eiji Toyoda, the chairman of Toyota, said yesterday.

The workforce of 2,500 to 3,000 planned for the Fremont plant in California is not necessarily going to be chosen from the ranks of the United Automobile Workers (UAW) union members laid-off by GM, says Toyota. The Japanese company has yet to have any direct talks with the UAW and says it has no immediate plans to enter into any. The UAW has made it clear that it expects the new operation to draw heavily on its currently workless members.

Mr. Toyoda declined to discuss in detail the potential labour problems. However, Fremont will be run by a Japanese, with a significant Japanese presence at senior plant management level. Although two other Japanese companies, Nissan and Honda, have not experienced labour difficulties in their recent American assembly operations to date, Toyota, an extremely conservative company, may find dealing with U.S. unions less congenial and far different from the comfortable confines of Japan's factories, with their largely compliant

house unions. Labour problems apart, the Toyota-GM deal was broadly welcomed in Japan by government and industry alike.

Mr. Takashi Ishihara, president of Nissan, the second largest Japanese car manufacturer, praised the agreement saying it would help the development of the U.S. automobile industry and would have favourable effects on overall U.S.-Japanese relations.

If the Toyota-GM deal contributes to the lowering of protectionist voices, above all the defeat of the Local Content bill which has been reintroduced into Congress, it will have served a purpose for Toyota and its Japanese rivals.

It is at this stage, premature to speculate on whether or not other Japanese car makers will seek to establish assembly operations in the U.S., or whether, as in the case of Nissan and Honda, they will expand existing ones. Nissan's factory in Smyrna, Tennessee, will only produce light trucks but the company has hinted at the passenger car option.

Meanwhile with the negotiations with GM now partially behind it, Toyota has produced a good set of results for the half-year to December 31 1982. Helped by hefty foreign exchange gains, parent company

not profits were up 34 per cent to ¥89bn (\$580m) on sales of ¥2,370bn, up 26.7 per cent.

Profits per share were ¥36.82 compared with ¥36.29 and the half-year dividend is unchanged at ¥7.

Car sales totalled 1,532,562 vehicles in the period, down by 3,710, with passenger sales of 1,117,226 units (up by 2.5 per cent) and sales of trucks and buses of 415,336 units (down by 8.5 per cent). Knock-down sales totalled 53,750 kits, down by 6,570 units.

Setbacks in unit sales were blamed on the global recession and voluntary restraint regulations on Japan's car exports. Domestic sales totalled 735,667, down by 6,533 vehicles, with passenger car sales marginally up at 600,605 vehicles. Sales of trucks and buses totalled 135,062 vehicles, down by 7,000 units.

Exports were down slightly at 796,895 vehicles, with passenger car sales up 5.1 per cent at 516,621 units and sales of trucks and buses of 280,274 units, down by 9 per cent.

However, sales by value gained by 26.7 per cent to ¥2,370bn, helped by the boost in the value of export sales, up by 38.8 per cent, resulting from the yen's depreciation. Exchange gains totalled as

much as ¥80bn and there was an improvement in the company's financial balances of ¥8.7bn. This more than offset the fall in unit sales and higher costs.

Capital investment in the January-December 1982 period was held at ¥210bn against the planned ¥230bn. The company has projected ¥200bn for investment in the current fiscal year.

In the current half year, ending June 30, 1983, the company sees difficulties with the one-year extension of voluntary restrictions on car exports to the U.S. and with possible currency fluctuations.

Toyota's full year car unit sales are targeted at 3.15m vehicles compared with 3.15m in the previous year, with domestic sales of 1.51m units and export sales of 1.62m, down by 2 per cent.

Favourable effects from the recent merger with the company's sales arm are expected to contribute to an earnings rise in the current half. Full year pre-tax profits are forecast to increase by 24 per cent to ¥390bn with net profits projected at ¥180bn, up 27 per cent. Sales are seen rising to ¥4,000bn, up by 4 per cent from the previous year. The term-end dividend is expected to be unchanged at ¥14.

ICI Australia down further in first quarter

By Our Sydney Correspondent

ICI AUSTRALIA has begun the year to September on a gloomy note with sales volumes down by 8 per cent for the opening quarter. The poor start follows three years of steady earnings decline for the company and a one-third fall in net profit to A\$31.3m (US\$30.4m) in 1981-82.

Mr. M. D. Bridgland, the chairman, also told the annual meeting yesterday that while volumes were down, selling prices had not kept pace with cost increases although government action on dumping held the prospect of some price recovery. Improvements in the plastics and petrochemicals operations were dependent on government action, he said.

As part of internal moves the company has called a halt to all non-essential new capital spending and is cracking down on costs in all areas.

After the shedding of 5 per cent of the workforce last year more jobs will go and there is a prospect of further plant closures, he warned. The company does not expect to see a resumption of major capital spending for the next year or two, although it is carrying through projects already under construction, including an expansion of its Sydney petrochemical works which will provide substantial energy savings and relieve production constraints when completed later this year.

Maiden result from Elders IXL

By LACHLAN DRUMMOND IN SYDNEY

ELDERS IXL has produced net earnings of A\$28m (US\$28.1m) for the first half-year of full operation of the merged interests of the Elders rural merchant, agent and finance operations, the Henry Jones Wood Hall Trust and AML and F Holdings rural trading and finance activities.

The profit for the six months to December 31, 1982, compares with A\$16.26m for the comparable period of 1981-82. The result included only one month of Henry Jones and no contribution from Wood Hall.

But when set against the A\$47.5m earned in the final half of 1981-82 it reveals the effect of drought on Elders and recession in other areas.

The directors say that because of the lack of comparison in the latest results a similar in-

crease to the 79 per cent gain should not be expected in the second half, and warn that trading conditions will continue to be difficult in the remaining months of the year.

Indeed, should the group only maintain the first-half performance total earnings would fall short of the A\$61.3m of 1981-82 and with little sign yet of a lifting of the drought and recession showing no signs of easing, prospects for equaling the final half result of last year may not be good.

However, it will benefit from the reduction in interest rates, as the conversion of the conservative balance sheet of Elders to the more highly geared levels of Henry Jones pushed up net interest charges in the latest half from A\$3.67m to A\$50.59m. Part of

this will have come from borrowings made to finance the A\$90m acquisition of Wood Hall Trust, although it excludes the effect of the various finance operations.

The directors said all divisions of the group performed well in the period and that given the poor trading conditions the result was "very satisfactory".

The profit came on turnover ahead by 48 per cent from A\$1.24bn to A\$1.83bn reflecting the inclusion of new operations. It also includes A\$5.7m compared with A\$2.5m from the sale of surplus assets, which the directors believe should be considered "unextraordinary" and came after tax of A\$9.1m against A\$9.73m.

The interim dividend has been raised from 7 cents a share to 8 cents.

Low tax keeps Jennings ahead

By OUR SYDNEY CORRESPONDENT

JENNINGS INDUSTRIES, Australia's largest house builder, suffered a sharp drop in pre-tax earnings in the half year to December 31 but at the net level was able to produce a 7.3 per cent improvement to A\$5.58m (US\$5.41m).

The decline at the pre-tax level from A\$8m to A\$5.75m reflected a steep falling away in earnings from property development interests, losses in manu-

facturing activities and a downturn in housing construction from 2,160 units to 1,978.

The general construction activities performed well, and the acquisition of Dillingham Australia in this sector, by taking the almost non-existent tax charge as a result of benefits from losses carried forward. The division contributed almost A\$4m of net profits.

Group turnover was 21.9 per

cent higher at A\$263.9m while net financing costs were up from A\$3.75m to A\$4.4m.

For the remainder of the year Jennings expects sound contributions from housing and other construction activities, a probable return to profits from the manufacturing side and an improvement from property development activities.

The interim dividend is held at five cents a share.

INTERNATIONAL APPOINTMENTS

member of American International Group Inc. He will be based in New York. Mr. James E. Smith has been appointed the new managing director of AMERICAN INTERNATIONAL UNDERWRITERS (UK) and senior American international representative in the UK.

Mr. Michael Savage, personnel director and regional director, Africa for BP International, has resigned in order to take up an appointment as president of MERLIN PETROLEUM COMPANY, an independent oil and gas exploration company based in San Francisco. Mr. Savage was president of Sohio Petroleum Company in San Francisco from 1978 until early 1982.

Mr. James P. Barry, Mr. Jeffrey F. Lagher, Mr. Gerald P. Minehan and Miss Joyce E. Motylowski have been named to the board of FEDERAL RESERVE BANK OF NEW YORK. Mr. Barry was made assistant chief examiner in the bank's examinations department and Mr. Minehan, manager of the foreign banking applications department, and Mr. Lagher and Miss Motylowski, assistant counsellors in the legal department.

Mr. Bobby R. Iman has been named president and chief executive officer of the MICRO-ELECTRONICS AND COMPUTER TECHNOLOGY CORP., a co-operative research and development corporation set up to try to maintain U.S. pre-eminence and predominance in the microelectronics and computer fields.

Mr. J. M. Barry, chief executive of Musgrave Frozen Foods, Cork, Ireland, has been appointed to the board of MUSGRAVE LIMITED. Musgrave Frozen Foods are the Irish distributors for Ross Foods and Youngs Seafoods. Both companies are subsidiaries of Imperial Foods.

Mr. Jack W. Lyon has been appointed assistant secretary of WARNER COMMUNICATIONS INC., and corporate director of risk management. Mr. Lyon is responsible for overseeing the company's property and casualty exposures worldwide. Mr. Lyon was director of risk management for the Ingersoll-Rand Company.

Mr. John A. DiFalco has joined SWETT & CRAWFORD as assistant vice president and manager of its Portland office. Prior to joining Swett & Crawford, Mr. DiFalco was property manager and assistant vice

president for Johnson & Higgins in Portland and regional underwriting manager for Wausau Insurance in New York, Philadelphia and Portland.

Mr. Robert W. Lindsay, president of J. P. Morgan & Company Inc. and its subsidiary, Morgan Guaranty Trust Company, has been elected to the board of RUSSELL REYNOLDS ASSOCIATES, New York.

Mr. Andrew L. Lewis, Jr. former U.S. Secretary of Transportation, has been named chairman and chief executive officer of Warner Amex Cable Communications, Inc. has been elected to the board of CAMBELL SOUP COMPANY.

Mr. P. C. F. Curtis has been appointed member of the board of ARIEL INTERNATIONAL BV and assistant group managing director. Mr. Curtis has been the senior level management representative in Paris since February 1981. Dr. Th. Machiels has been appointed a member of the board. Dr. Machiels has been the senior level management representative in Rotterdam since 1979. Mr. Th. Sandberg and Mr. J. A. J. Leeman have also been appointed to the board.

Mr. Alberto Cribbers has joined WARNER COMMUNICATIONS as senior vice-president and will be responsible for corporate development and acquisitions. For the past six years he has been vice-president in charge of corporate development for North America of IFINT-USA, the U.S. arm of IFINT, a worldwide investment group. Mr. Jay Elashberg has joined Warner Communications Inc. as vice-president, research. He will direct all market and media research and co-ordinate long-range planning and the dissemination of research data. Mr. Elashberg was until recently vice-president, research, CBS/Broadcast Group.

Mr. Wolfgang Scauer, president of LITTON INDUSTRIES' Hellige division in Freiburg, West Germany, has been elected a Litton corporate vice-president.

Mr. John Andersen has been appointed president and chief executive officer of Julius Wile Sons and Co. Inc., New York, from March. Mr. Andersen joined Julius Wile from the Marriott Corp. of Washington and was previously president and chief executive officer of Sonoma Vineyards in California. Mr. Andersen acquired Julius Wile from Nabisco Brands last October.

MERCANTILE BANK OF CANADA has made a series of

executive changes from March 1. Mr. Scott Shelby, senior vice-president credit policy, has been appointed to a new position as executive vice-president corporate and tax divisions. He will be succeeded in the credit policy post by Mr. Larry Pirnak, currently senior vice-president of the eastern division.

REPUBLICBANK CORP. has made two senior promotions. Mr. Gerald M. Carnevali has been elected executive vice-president and manager of the newly-formed corporate development department, and Mr. Edward R. McPherson has been named senior vice-president and chief financial officer of the corporation. The new department includes human resources, strategic development, marketing

services; and financial services. Mr. McPherson will manage the finance department which includes the controller, treasurer, and tax divisions. He will continue to be responsible for RepublicBank's financial planning and investor relations.

CASTLE AND COOKE INC., San Francisco, has made Mr. Ian R. Wilson president and chief executive officer, succeeding Mr. Henry B. Clark Jr., who remains chairman.

Mr. Richard D. Capra has been appointed executive vice-president of ADVANCE TRANSFORMER CO., a wholly-owned subsidiary of North American Philips Corp. Before joining Advance Transformer Co., Mr. Capra served as president of The Richardson Company.

Service 800 - the toll-free telephone service that puts your most distant international customer right next door!

Now you can benefit the way US Business does from the successful Service 800 toll-free service, the unique call-switching system which gives your telephone solid gold selling power. This simple, effective selling tool puts even your most distant prospect or customer right next door. It gives him direct access to you, because what you get from Service 800 is a local presence in every country of your choice. You're given a local number to each city to put in your ads, your brochures, letters. Your customer dials it, so far as he is concerned, it's a perfectly ordinary local number. His call is automatically and immediately routed to you. Your customer pays only the cost of the local call. You pick up the rest of the cost... and the sale! How much? A monthly subscription covering ten European cities is less than the cost of one representative in one office in one city! TEST IT NOW! Ring the number below, for the cost of a local call, to Nyon, Switzerland, where we'll be glad to tell you everything you want to know.

Amsterdam 4720 98, Bruxelles 218 28 68, Frankfurt 28 28 66, London 628 3751, Paris (6) 079 08 00, Zurich 302 08 12. Or write: Service 800, me du College 18 A, 1260 Nyon, Switzerland, telex 289 003 GRP



Service 800. Puts your most distant customer right next door.

Currency CHARTS

Call Bill Grundy
01-236 5271

INTL. COMPANIES & FINANCE

Receivers move in to prune largest Dutch shipbuilders

Dust settles round RSV's fall

BY WALTER ELLIS IN AMSTERDAM

RJIN-SCHELDE-VEROLME, the largest Dutch shipbuilding group, was thriving and self-confident a decade ago, able to boast "We are Dutch and serve the world." Now, it has sought protection from its creditors in the hands of the receivers. It faces reconstruction involving heavy pruning. The Dutch press has one word for it—"debacle."

Two weeks ago, the Dutch Government refused the group, in which it has, itself, a 46 per cent stake, a further F1 300m (\$113m) of aid, to add to the F1 2bn provided since 1977, and some 6,000 of the remaining 17,000 workers are to lose their jobs.

Like all Western shipbuilders, RSV has suffered greatly under the impact of the international recession and Far East competition. Orders have been hard to come by. Nevertheless, as the dust begins to settle around the fallen empire, it appears that a major part of the blame is to be laid firmly at the feet of the management. There have been too many tactical blunders in recent years for everything to be the fault of others.

Mr Alford Stikker, the chairman of the company, announced his resignation last October, just as the problems were coming to the boil, and is to leave the company in May. He denies that he felt compelled to go—though there had been calls by members of Parliament for him to do so—but his departure offers the opportunity for a new beginning.

Mr Stikker's announcement of his decision to go followed hard on the heels of publication of the group's best results for several years. Excluding earnings from its highly successful Brazilian subsidiary, RSV recorded a net profit for the first six months of 1982 of F1 5.2m (\$2m) against a loss in the same period the previous year of F1 53m. Addition of the Brazilian earnings led to a robust total of F1 65m.

Underlying the profit recovery, however, was rapidly worsening liquidity. Indeed, loss, centred on the F1 2bn in Government loans since 1977, had been intensified by a catastrophe in the U.S.

RSV in 1981 entered into a partnership with Mr James Stacey, president of Advanced Coal Management, an American resources company, for the sale of 200 sophisticated coal excavators made in Rotterdam. The machines were worth

some F1 800m in 1981 prices, but up to October last year only 80 had been delivered and none had been placed. RSV paid Mr Stacey and his companies F1 20m for their services and, in total, invested F1 220m in the project.

To help finance sales which were not forthcoming, but for which outgoings continued to accrue, RSV decided to sell its minority stake in five U.S. coal mines. The deal could have

turing began and the redundancy notices were prepared. Allen in 1981, as troubles were building up in America, it was announced that the company had lost F1 45m in connection with a series of energy related turnkey projects in Algeria.

In spite of these difficulties, not all was untoward at RSV. The group has as many as 117 divisions, and a number were flourishing, even in the recession—with the Brazilian venture,

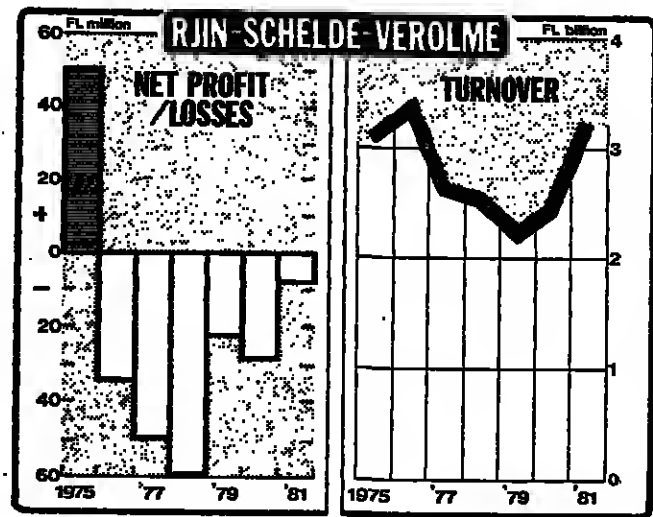
(including a 46 per cent participation), far from solving the group's problems, served only to store up debt problems for the future. Modernisation was carried out, closures were implemented and the workforce slimmed down from 27,000 in 1970, to 17,000. Between 1977 and the end of last year, Government cash was transferred to the group as though by conveyor belt, and the surprise is not that this flow has stopped but that it was allowed to go on for so long.

Mr van Ardenne evidently must have agonised over the matter before deciding that enough was enough. Unemployment in the Netherlands in January reached 744,500, and the Minister can have had no desire to add a further 6,000 people to the dole queues. The Government is, however, a Centre-Right coalition of Christian Democrats and Liberals, and was elected last September with a firm mandate to cut back on non-productive expenditure.

McKinsey and Co., the American management consultants, widely used by the Government, had carried out an investigation into RSV which concluded that only a handful of its activities was viable, and it was their report which eventually blocked the supply of Government funds. It was decided that no further aid would go to the holding company, RSV, and that limited credit only would be provided to 14 of the individual companies, including those engaged in defence work, pending renewed reorganisation. A figure of between F1 800m and F1 1bn has been quoted as the possible cost to the Government of aiding what is left and disposing of the rest.

Mr van Ardenne has already said that he is "far from optimistic." He was determined to break the spiral of aid. Mr Stikker and the trade unions, plus many members of Parliament from all parties, are convinced that something more could have been done.

Perhaps it could. But in the absence of limitless funds, RSV's present unhappy situation was almost inevitable. It was a victim of bad judgment and bad luck. Its remaining workforce must only hope that the new, stripped-down RSV will stick within its cash limits and begin the long haul back to profit.



A recent recovery in profit performance at RSV is overshadowed by cash flow problems. The extent of the cutbacks is reflected in the fall in the workforce from 27,000 in 1975 to 17,000 in 1982—with a further 6,000 jobs imminently to be lost

Graham Laver

This announcement appears as a matter of record only.



INTERCONEXION ELECTRICA, S.A.

US \$46,400,000

TERM LOAN

LEAD MANAGED BY
THE BANK OF TOKYO, LTD.
THE FUJI BANK, LIMITED

BANQUE INDOSUEZ

BANQUE PARIBAS

THE MITSUI TRUST AND BANKING CO., LTD. ORION ROYAL BANK LIMITED

FUNDS PROVIDED BY
THE BANK OF TOKYO, LTD.
THE FUJI BANK, LIMITED

BANQUE INDOSUEZ

BANQUE PARIBAS

THE MITSUI TRUST AND BANKING CO., LTD.

THE ROYAL BANK OF CANADA (BARBADOS) LIMITED

THE CHUO TRUST AND BANKING CO., LTD.

TAKUIN INTERNATIONAL BANK (EUROPE) S.A.

UBAN INTERNATIONAL LIMITED

AGENT BANK

ORION ROYAL BANK LIMITED
A member of The Royal Bank of Canada Group

NOVEMBER, 1982



Standard Chartered Bank Limited

(Incorporated with limited liability in England)

U.S. \$100,000,000

Floating Rate Capital Notes 1990

For the six months from
16th February, 1983 to 16th August, 1983
the notes will carry an interest rate of 9 3/4% per annum.
On 16th August, 1983, interest of U.S.\$49.02 will be
due per U.S.\$1,000 note for coupon No. 10.

Principal Paying Agent
European-American Bank & Trust Company
10 Hanover Square
New York, N.Y. 10015

Agent Bank: Morgan Guaranty Trust Company of New York

This Advertisement complies with the requirements of the Council of The Stock Exchange

ASESORES DE FINANZAS, S.A. DE C.V.

(Organised under the laws of the United Mexican States)

SHORT TERM NOTES ISSUED IN SERIES
UNDER A U.S.\$300,000,000NOTE PURCHASE FACILITY AGREEMENT
GUARANTEED BY CITIBANK N.A.

Issue Price 100 per cent

Citibank International Bank S.A. has agreed to subscribe or procure subscribers for the Notes as provided in the Note Purchase Facility Agreement.

The Notes in the denominations of U.S.\$10,000 and U.S.\$500,000 each, will be issued in Series of between U.S.\$25,000,000 and U.S.\$50,000,000. Application has been made for the Notes to be admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of the Notes.

Notices are hereby given that the U.S.\$50,000,000 Series 13 issued under the Note Purchase Facility Agreement will carry an interest rate of 9 1/4% per annum. The Maturity Date of Series 13 will be May 16th, 1983.

Particulars of the Notes and of ASESORES DE FINANZAS, S.A. DE C.V. and Citibank, N.A. are available in the statistical services of Extel Statistical Services and may be obtained during normal business hours on any week day (Saturdays and public holidays excepted) up to and including February 28, 1983 from:

Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

February 16, 1983.



When you're doing business with Turkey, only one bank makes you feel this close.

When you're trading with an increasingly important market, you need the finest bank to look after your interests on the spot.

And when the market is Turkey, that means Interbank: Turkey's leading wholesale bank.

Founded in 1888 as Banque de Salonique, we've specialized since then in import/export finance — now Turkey's fastest-developing economic sector.

Some 1982 examples: Interbank financed 20% of Turkey's oil imports from North Africa.

We recently handled the two largest 1/c's covering transit exports from the UK and West Germany through Turkey to the Middle East.

And we are one of two Turkish banks participating in the largest guarantee facility syndicate for Turkish contractors in Saudi Arabia.

We're strong. We're growing fast. We're highly profitable. And we work mainly with the top 100 companies and government agencies in Turkey.

Our outstanding financial results are a reflection of our high-volume transactions and low overheads.

Interbank's internationally-qualified staff are always available by phone or telex, and are ready to travel at short notice.

When you're doing business with Turkey, Interbank is your natural and best possible banking partner.

Some key Interbank figures as of June 30 1982:

Total Deposits:	TL 30,683,736,000
Total Assets:	TL 47,985,809,000
Shareholders' Equity:	TL 1,801,511,000
Share Capital increased to TL 4,000,000,000 (TL 1,375,000,000 paid up at June 30 1982)	

INTERBANK
THE TURKISH BANK FOR INTERNATIONAL TRADE

UK COMPANY NEWS

Australian setback hits Dalgety's midway profit

BY OUR FINANCIAL STAFF

A LOWER trading result from the drought-hit Australian operations has clipped the profit of Dalgety for the half-year ended December 31 1982, which at the pre-tax level has fallen from £19.8m to £18.1m.

In Australia the conditions severely affected farmer clients and consequently Dalgety's business. Last year Australia contributed 11 per cent of trading profits and the effects of this on group results will not be as marked as they would have been in the past, explains the chairman, Mr David Donne.

The setback in Australia was to some extent offset by an improvement in the U.S. All sections of the operations - food distribution, food ingredients, frozen vegetables, and hybrid pig breeding - have contributed to the better result.

There are signs in Canada of improved lumber prices and a pick up in demand resulting from the in-

■ DALGETY

International farming and commodity merchandising

Half-year to Dec 31	1982	1981
Sales	1,37m	1,23m
Pre-tax profit	18.1m	19.8m
Tax	7.2m	6.9m
Attributable profit	11.1m	14.8m
Earnings per share	13.1p	16p
Dividend	11p	11p

creased level of housing starts in the U.S. This, Mr Donne says, is the first step towards a return to the level of profitability which for many years has characterised the Canadian operations.

Dalgety Spillers achieved a small increase in profit. The recent investment programme in animal feeds and flour milling has continued to produce the increased profits

that were planned. The improved results more than offset the effects of a low point in the trading cycle for meat and eggs, and strong competition in the grocery and pet-food markets.

The New Zealand business has performed well in trading conditions that were never easy for the country's traditional agricultural products.

The directors have declared an unchanged interim dividend of 11p net. Last year a final of a similar amount was paid from pre-tax profits of £45.7m. Earnings for the six months' period came out at 13.1p against 16p.

At December 31 the group had short-term borrowings of £91.7m (£80m) and loan capital of £147.7m (£164.4m). Included in those totals, secured borrowings amounted to £17.4m (£12m) and £41.3m (£43m).

Lex, Page 14

Risk capital group seeks £10m more for business start-ups

BY TIM DICKSON

ELECTRA Risk Capital, a subsidiary of Electra Investment Trust, is hoping to raise a further £10m from private investors to back new UK companies.

Master shares of £2,500 each are now available in Electra Risk Capital II (ERC II), the second fund which Electra has launched under the Government's Business Start-Up Scheme, the first pulled in £8.6m in October 1981 and while only £5.45m of this has been committed or invested to date, the managers expect the money will largely be exhausted by the end of the current tax year.

The Government's Business Start-Up Scheme was first introduced in the 1981 budget to give individual investors tax relief at their top marginal rate on investments in new businesses - defined as up to five years old. The maximum amount which will obtain relief is £20,000 a year while the shares

have to be held for five years to qualify.

The scheme was intended primarily for individuals acting on their own behalf, but some 10 so-called Approved Investment Funds (AIFs) have already been set up to give investors the opportunity to put their money into a managed vehicle. Most are now closed.

ERC's managing director, Mr Gordon Dean, said yesterday that a main reason for launching a second fund was the flow of new investment ideas. "Currently we are receiving three or four proposals each working day and we have looked at nearly 500 over the last 18 months."

Mr Dean said it was too early to judge how ERC I would perform. Our first ever investment, Eosys has exceeded expectations and one is giving us cause for concern, but the vast majority are just jogging along."

He conceded that some existing

investors would wish to see results before committing more money but that there were still many people "without a stake in a start-up fund who could well do with one". Advance commitments total £2.5m.

ERC II hopes to invest its money by the end of the tax year 1983-84 but under the rules investors will not get their tax relief until four months after each of the companies it backs have started trading.

Its investment policy will not be confined to any one but will be directed particularly at companies engaged in biological, medical and scientific applications, computer sciences and engineering, information technology, communications and television systems, robotics and other sectors thought to have "excellent growth prospects".

The management company will keep interest on funds while they remain uninvested and will charge the investee business a fee.

Strong gains at Lloyd's Life

By Eric Short, Insurance Correspondent

A SURPLUS of £1.5m on its life funds for the year to September 30, 1982, is reported by Lloyd's Life Assurance - more than double the surplus of £700,000 achieved in the previous year.

However, there was no transfer made to the profit-and-loss account, neither was a dividend recommended for the year. The value of the company's shares, which are held within the premium trust funds at Lloyd's, rose from £7 to £8.25 as at December 31, 1982.

The combined values of funds within the company climbed during the year from £100m to £163m. UK funds passed the £100m mark, rising from £78m to £119m, while funds of the Isle of Man subsidiary increased from £18.5m to £40m. Shareholders' funds remained at £4m.

Premium income during the year advanced by more than 50 per cent from £37.1m to £56.3m, while investment income improved by a third from £9.5m to £12.8m. Investment values rose by £22.4m during the year compared with a fall of £8.1m in the previous year. Claims and annuity payments were nearly a quarter higher, at £15.1m compared with £12.2m. Commission payments jumped by more than 40 per cent from £8.8m to £12.7m, reflecting the buoyant new business while management expenses climbed by a similar percentage from £3.2m to £4.5m.

Mr Robert Kilm, chairman of Lloyd's Life, in referring to the ending of the commission agreement by the Life Offices Association, said that Lloyd's Life, which is not a member, along with other non-member life companies, hoped to freeze maximum commission levels this year in order to maintain an orderly market. But this would depend on the good sense and restraint of the whole market.

CORRECTION OF 'MISDIRECTED' EXPANSION

Belhaven sells holiday village

BY DAVID DODWELL

MR ERIC MORLEYS Belhaven Brewery Group, which spans brewing, leisure, construction and plastic packaging, has exchanged contracts for the sale of its Golden Sands Holiday Village in Norfolk for an overall £325,000.

The sale comes just two months after the disposal to Mr Morley of the company's two-thirds share in the "Miss World" contest for £875,000. This was only bought by the group in March last year.

Group borrowings were trimmed from £700,000 following the Miss World disposal, and will be trimmed further following the sale agreed in principle yesterday.

The Golden Sands, with a second nearby holiday village, and a hotel in Torremolinos, Spain, have for some time been recognised by the group as part of a "misdirected" expansion into holiday leisure ser-

vices since Mr Morley joined the board, as its chairman, with Sir Fred Pontin late in 1979.

"We couldn't really dispose of it fast enough," Mr Morley said yesterday. The purchaser, Mr Ronald Toone, who is a Norfolk-based architect, has agreed that on completion of the deal at the end of February, he will pay £465,000. The remaining £140,000 will be paid in April.

Belhaven has since the financial year ending in March 1981 shopped from profits before tax of £590,000 to profits of £4,000. Sales in the same period have risen from £8m to near £11m. The group's leisure activities have been a significant factor accounting for the profits decline.

Mr Rod Jones, the group's finance director, said yesterday that Golden Sands had made a £30,000 loss in the financial year ending

last March. A loss of between £150,000 and £200,000 is expected this year.

The group is also keen to find buyers for its second holiday village, Denes, and for its Spanish hotel. The hotel lost about £100,000 last year, but is expected to return to profitability during the coming financial year.

"From a mess, we have got back to a reasonable profit area," Mr Morley said yesterday. "We have prepared the ground to bound ahead again next year - though I admit we have stood still for two years. We just took a wrong fork."

"We are in active negotiations over expansion in the leisure field," Mr Morley said. "It is just not going to be the holiday leisure field."

Belhaven's traditional activity as a Dunbar-based brewer of real ale has grown steadily despite the

group's problems in other sectors. In the half-year group's problems in other sectors. In the half-year to the end of September 1982, brewing accounted for pre-tax profits of £203,000, compared with £171,889 a year earlier.

Its plastic packaging business, which has been loss-making for two years, suffered a setback in January when its King's Cross factory was burned down. Production continues at its main London plant.

Mr Toone said yesterday that he had bought the Golden Sands Holiday Village as a family venture to be headed by his son.

"London is not a very good base to run the village from," he said. "We know the area well, and the people who visit it. We are convinced that the business will pick up once people realise it is a family-run affair."

Davidson Pearce in buy-out from U.S.

BY FEONA McEWAN

DAVIDSON Pearce, the successful American-owned advertising agency ranked 10th largest in Britain, is to buy itself back to British ownership.

This will put Davidson Pearce among the top four British-owned advertising agencies alongside Saatchi and Saatchi, Allen Brady and Marsh and Collett Dickinson.

For the Knightsbridge-based agency which counts Walls, British Telecom, British Gas, Lever Brothers, British Aerospace and Chesebrough-Pond among its client list and last year chalked up billings of £39m, the buy-out means a lot of people borrowing money to obtain the equity. But, says the chairman, the share of owners will be widely spread and the character of the agency will not change. There are no plans at this stage to go public.

"Since then we've been discussing various ways to solve the problems to our mutual agreement," says chairman Chris Hawes, who is also president of the Institute of Practitioners in Advertising. "We've now done so."

In an agreement that reverses the trend of U.S. takeovers on the British advertising scene, the agency's management and staff will be

able to acquire 60 per cent of the company's equity with the option to buy the remaining 40 per cent.

This will put Davidson Pearce among the top four British-owned advertising agencies alongside Saatchi and Saatchi, Allen Brady and Marsh and Collett Dickinson.

For the Knightsbridge-based agency which counts Walls, British Telecom, British Gas, Lever Brothers, British Aerospace and Chesebrough-Pond among its client list and last year chalked up billings of £39m, the buy-out means a lot of people borrowing money to obtain the equity. But, says the chairman, the share of owners will be widely spread and the character of the agency will not change. There are no plans at this stage to go public.

This is thought to be the first time a successful large agency has bought itself out of an international group since the Second World War.

Kelsey tender offer to buy back shares

BY OUR FINANCIAL STAFF

KELSEY Industries, a Hemel Hempstead manufacturing company, is to become the first public company to buy up a chunk of its equity capital by means of a tender in accordance with the 1981 Companies Act.

The tender, audio and video accessories and building products company announced last night details of a scheme enabling it to buy back up to 20 per cent of its ordinary share at a price between 150p and 240p. Yesterday's closing price was unchanged at 175p, but the shares were expected to open this morning at around 210p.

If the company buys all the 768,000 shares at the maximum tender price of 240p, it will have to pay £1.84m to the vendors, plus £300,000 in advanced corporation tax, which can be used to reduce its liabilities in future years, plus £50,000 in expenses. The money is to be raised by means of an unsecured bank overdraft.

At present, Kelsey has zero borrowings and £10.5m of shareholders' funds. Its net asset value on a historic cost basis, but including recent property revaluations, is 276p per share. The year-end results to September announced two months ago showed a decline in pre-tax profits for the second successive year to £1.26m.

Mr Mark Loveday, of Corendon, stockbrokers to the company, said last night: "The cash flow has al-

ways looked sound and now they want to introduce an element of gearing into the company. They have bought some properties quite successfully but will be spending less on plant and equipment over the next few years."

Shareholders have the right to sell their shares either directly to the company or through the Stock Exchange. A direct sale would make the vendor liable to income tax and is thus attractive only to tax-exempt institutions. Inland Revenue clearance for the scheme has been granted.

An annual general meeting has been called for March 9 to approve the proposals, after which the company will accept tenders. A further general meeting is necessary to approve off-market transactions on April 20. The directors, who will not be selling any of their 39 per cent beneficial shareholding, are assured of a majority with the support of family trust shareholdings.

To date, only two other public companies have used the powers granted by the 1981 Companies Act to purchase their own shares. These were Epicure, which bought its shares in the open market, and Manganese Bronze Holdings, which called in preference shares.

"I think this mechanism could be an attractive option for a family type company with a positive cash flow but a dead market in its shares," Mr Loveday said.

Who runs the UK's biggest independent heavy earthmoving fleet?

Blackwell and Tractor Shovels are among the best known names in the UK earthmoving business, with one of the largest and most modern heavy earthmoving fleets in the country. Both are part of the London and Northern Group along with other names equally well known in their fields.

Weatherseal Windows. pioneers in domestic double glazing; **Pauling**, a major force in Overseas Civil Engineering for over 100 years; **Edenhall**, the UK's biggest producer

of concrete facing bricks and **Steel Stockholders** of Mossend, Lanarkshire, the largest steel profiler in the UK and possibly Europe.

Send for the latest Report and Accounts to find out more about London and Northern, a Group with £217m turnover in 1981, which has increased or maintained its dividend for seventeen years - every year but one since going public in 1963. London and Northern Group PLC, Essex Hall, Essex Street, London WC2R 3JD. Tel: 01-836 9261

London and Northern Group PLC
Construction and Civil Engineering - and much more besides.
Housebuilding • Earthmoving • Plant Hire • Double glazing • Building Services • Coal Redamation • Concrete blockmaking

Unitisation plan for Broadstone Trust

BY CLIVE WOLMAN

THE BROADSTONE Investment Trust, managed by Schroders, is to be converted into a unit trust, giving further impetus to the contraction of the investment trust sector proposed by institutional investors.

The directors decided at a meeting held on Monday night to submit proposals for unitisation to their shareholders. The Prudential Group and the London and Manchester Assurance Company, who together hold 42 per cent of the shares in the Broadstone Trust, have already pledged their support.

The Broadstone assets, which are divided primarily into UK and U.S. stocks and shares, are likely to be distributed among the existing unit trusts run by Schroders. Shareholders will then be given units in each of the trusts concerned and so escape any immediate liability to capital gains tax. Broadstone's two outstanding debentures are to be repaid and its holdings in unquoted companies, which account for 10 per cent of its assets, will be sold off.

In the last year four investment trusts have been converted into unit trusts and proposals to unitise a fifth are under consideration. This follows expressions of concern by institutions about the large discounts to net asset values from which investment trust prices have been languishing since the early 1970s.

On Monday Broadstone's share price stood at a discount of 25 per cent to its net asset value compared with a sectoral average of 22 per cent. Yesterday the share price rose from 249p to 330p after an announcement.

Mr Richard Green, of stockbrokers James Capel, said: "Moves like this don't help solve the discount problem. The supply of stock is contracted but so is the demand as people tend not to encash their units and re-enter the sector."

The Broadstone company results for the year ending December 31 show that revenue, after expenses but before tax, increased from £1.63m in 1981 to £1.72m, with net asset value rising from 204p to 341p. The dividend per share was increased from 7.45p to 7.65p.

LOOKING AROUND FOR A SQUARE DEAL?

GREENLEA PARK Colliers Wood, SW19

11 Prestige Factory/Warehouse Units 4,500 - 15,500 sq. ft.

High Office content

Excellent parking and facilities

To Let or For Sale Freehold Special lease purchase plan option

Edward Erdman 01-629 8191

Delia Erdman 01-408 1161

GAMING ACT 1968

A licence has been granted under the provisions of the Gaming Act 1968 for Crookford's Club 30, Curzon Street, London W1Y 7AE.

MEMBERS ONLY.

LADBROKE INDEX based on F.T. Index 657-662 (+1) Tel: 01-493 5261

Make a "killing" this year with the USM SHARE OF THE WEEK

Join the army of private investors who have invested in USM Companies such as Merrydown Wine (up 873%), Humberside Electronics (up 185%) and Rolfe & Nolan (up 162%) and have seen their capital double, even quadruple in less than a year. The USM in 1983 is set to offer even more opportunities for quick capital gains and fast in-and-out profits. As you'd expect, the high rewards of the USM are matched by greater risks. To minimise these, USM TIP OF THE WEEK researchers have developed specialist techniques to direct you towards the winners. The USM TIP OF THE WEEK is a special feature in STOCK MARKET CONFIDENTIAL, that is dispatched to subscribers each Wednesday evening by first class post. Fast moving subscribers can "buy in" early and make a "killing" before the price is pushed up by a wave of buying. For FREE details of our unique SIX MONTHS NO-RISK TRIAL SUBSCRIPTION return the coupon or phone today.

V.S. Send me a killing on the USM. Send me FREE details of your SIX MONTHS NO-RISK TRIAL SUBSCRIPTION.

Name (CAPITALS PLEASE)
Address
Send to: 57-61 Mortimer Street, London W1N 7TD
Or phone: (24 hour ans.) 01-597 3828

HARDYS & HANSONS P.L.C.

Highlights from the Accounts and Chairman's Statement

Results	1982	1981
Turnover	15,913	14,577
Profit before tax	2,678	2,511
Dividends	657	802
Earnings per ordinary share	25.94p	23.58p

- * Profit up, despite difficult economic conditions.
- * Beer prices in managed houses remain very competitive.
- * New copper and brewhouse extension due for completion in June 1983.
- * Above average programme of improvements over past few years funded from internal resources.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

United Packaging Public Limited Company

(Incorporated in England under the Companies Act 1948 No. 586929)

Authorised	Share Capital	Issued and to be issued fully paid
£350,000	In ordinary shares of 10p each	£317,861

In connection with a placing by Laurie, Milbank & Co of 495,768 Ordinary Shares of 10p each at 72p per share, application has been made to the Council of The Stock Exchange for the grant of permission for the whole of the issued share capital of United Packaging Public Limited Company to be dealt in on the Unlisted Securities Market.

A proportion of the shares being placed have been offered and will be available to the public through the market, subject to the grant of permission to deal in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to official listing. Particulars relating to the company are available in the Extra Statistical Services and copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 1st March, 1983 from:

Laurie, Milbank & Co.
72/73 Basinghall Street, London, EC2V 5DP.

MINING

Renison sells uranium prospect

NatWest extends charge for cashing cheques

Until May 1981, the customer of any bank in the UK could walk into any of the 12,000 branches of the

		1962		Stock		Closing price		+ or -		Tm. Divs.		Conv'd		P.E.	
		High Low													
1964	1963	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
+108	F.P.	13.1	236	141	+Batic Leasing Co.	238	+5			b2.8	3.5	1.7	18.8		
+104	F.P.	11	177	112	+Booth's (Charles) Sp.	174	+2								
+104	F.P.	22.4	100	100	+Bridge Pac. As.	109	-								
+124	F.P.	11	156	103	+Canvamer	128	+5			b3.64	2.0	4.1	14.5		
+104	F.P.	14.1	153	153	+Memory Comm trip	153	-			b3.85	1.5	1.21			
+104	F.P.	4.1	268	268	+Microcom	268	-			5.0	2.3	1.3	26.9		
+152	F.P.	7.1	255	250	+Munford & White	227	-15			5.0	2.4	1.6	25.0		
+131	F.P.	4.1	268	268	+Resource Int'l	268	-								
+104	F.P.	1	110	100	+Singular Wfr.	100	-			14.28	1.0	6.2	24.2		
+104	F.P.	1	110	80	Do. Corp.	90	-								
+104	F.P.	1	110	80	+Sundin Per. Int'l	90	-								
+104	F.P.	78	16	16	+Tena Estates Ltd	65	-1								
+150	F.P.	18.2	29	29	+Vesta Int'l	29	-			b2.75	3.3	1.8	33.9		
+104	F.P.	5	29	21	+Vista Int'l	21	-8								
+104	F.P.	5	29	21	+Vista Int'l Wfrs	21	-8								

Name price	1982-3		Stock	Closing price	+ or -
	Amount received	High, Low			
✓✓	F.P.	97 88	Angle-Nordie 101 Cvt. Unfs. Ln. 1989	97	...
✓✓	F.P.	109 104	1212 Unfs. Ln. 2017-17	104	...
✓✓	F.P.	21 16	Birmingham 1112 1st. Red. 2012	16	...
✓✓	F.P.	21 16	East Surrey Water 74 Rd. Red. 1986	11	...
✓✓	F.P.	21 16	European Int. Bk. 111 Ln. 2002	11	...
✓✓	F.P.	21 16	Mid Sussex Water 74 Rd. Red. 1986	11	...
✓✓	F.P.	21 16	National Water 80 Rd. Red. 1986	11	...
✓✓	F.P.	21 16	Do. " 111 Ln. 2017-17	11	...
✓✓	F.P.	21 16	Pearson 5 141 Cvt. Unfs. Ln. 2007	25	...
✓✓	F.P.	21 16	Transcont. 141 Cvt. Ret. Unfs. Ln. Nta. 1983	25	...

Issue price	Amount	Latest Re- date	1982-3		Stock	Share price	+ or -
			High	Low			
250	MI	282 2 284	250	23pm AGS Research 10p.	49pm	+2	
250	MI	281 1 283	270	94 Arlen Elec.	260	-1	
90	MI	280 1 282	90	11pm Ausdratic 2-p.	110	+1	
90	MI	280 1 282	90	108 Salsbury	126	+3	
90	MI	280 1 282	90	45 Cluff Oil '9	126	+3	
90	MI	280 1 282	90	10m Deemint mt.	126	+3	
90	MI	282 7 284	90	40pm Groveson Groov	44pm	+1	
60	PP	281 1 283	60	51 LCP	60	-	
60	PP	281 1 283	60	10pm Mount Chaberte 10p.	120	+2	
60	PP	281 1 283	60	10pm LSC News 10p.	120	+2	
60	PP	281 7 284	60	10pm Ram Land, Corp. 15cts	2pm	-1	
60	PP	281 7 284	60	51 Salsbury	90pm	+5	
40	MI	282 1 284	40	57pm Watscom	90pm	+5	
40	MI	282 1 284	40	323 Watson-Hughes	620	-	

Remuneration data usually lags day for clearing low stamp duty. b Figures based on prospectus calculations. c Dividend rate paid or payable per part of capital: average based on dividend on full capital. d Assumed dividend for 1983. e Forecast dividend for 1983. f Dividend rate paid or payable per part of capital: average based on dividend on full capital. g Prospects for other official estimates for 1983. q Q: Gross dividend. r Dividend rate paid or payable per part of capital: average based on dividend on full capital. s Lower allows for conversion of shares not now ranking for dividend or ranking for restricted dividend. t Dividend rate paid or payable per part of capital: average based on dividend on full capital. u Offered to holder's of ordinary shares as a "rights" issue. v Issued by way of capitalisation. w Reproduced. x Issued in conjunction with new securities. y Dividend rate paid or payable per part of capital: average based on dividend on full capital. z Allotment letters (or fully-paid). aa Provisional or partly-allotment letters. ab With warrants. ac Dealings under special Rule. ad Unlisted securities. ae Dividend rate paid or payable per part of capital: average based on dividend on full capital. b Effective issue price. c Formerly dealt in underwritten rule.

Two other companies, Newmont Mines, a wholly-owned subsidiary of Newmont Mining of the U.S., and Westmin Resources, part of the Brascan group, are also reported to be involved in exploration in the same general areas.

The Canadian coal producer McIntyre Mines has reported a net loss for 1982 of a record C\$74.5m (£40m) compared with a loss last time of C\$9.7m.

A number of operating problems at Scottie Gold Mines, the small but high-grade producer in northern British Columbia, resulted in a net loss of C\$9.2m (£5m) for the 12 months to September 30, 1982, the first full year of operations.

He predicts that output this year will more than double to around 50,000 ounces. Current ore reserves are put at 175,000 tons, grading an average of 0.75 oz (23 grammes) of gold per ton.

Indonesia's state-owned mining company PN Aneka Tambang incurred a loss of 3bn rupiahs (£2.8m) last year as a result of the depressed state of mineral prices on world markets, according to news agency reports.

The company expects to double its deficit this year.

PHILEX Mining, which produces copper, gold and silver in the Philippines, plans to expand its daily milling capacity from 28,000 tonnes of ore to 38,000 tonnes over the next three years.

The expansion will require further exploration work, and the company hopes to double its reserves to 400m tonnes. This would extend the lives of the Philex mines, which produce from the richest ores in the islands, by perhaps 25 years.

CONSOLIDATED Rutile and Cudgen RZ, two Australian producers of beach sand minerals owned by South Africa's General Mining Union Corporation (Gencor) group, have reduced their interim dividends after reporting lower earnings for the six months to December 31.

Lower sales volumes and prices for rutile were responsible for the poor performance, offsetting improved sales and prices for zircon.

Cons Rutile, which operates offshore Brisbane, saw net profits fall to A\$2.08m from A\$3.17m, and cut its dividend to 9 cents from 12 cents, while Cudgen's net profits fell by almost half to A\$779,000. It will pay an interim of 2.5 cents against 4 cents.

Chino to use Inco smelting technology

The Chino project should be completed by early 1963, and will increase the facility's smelting capacity from 300,000 tons of copper concentrate a year to 500,000 tons. No details of the licensing agreement have been made public.

THE Israeli diamond cutting and polishing industry is worried that it has lost its competitive edge because of the sharp increase in wage costs in the past year, when the devaluation of the shekel was kept below the rate of inflation.

As a result current wages in Israel, including social and fringe benefits, are about 30 per cent above those in the Belgian diamond cutting plants.


Stocks are reported to be at levels where they can no longer be financed, and accordingly AAM wants to reduce production and staffing at its older facilities, while the newer plants will be maintained at present rates.

Asbestos is Zimbabwe's second most important mineral product after gold, with output worth Z\$91.3m (£62m) in 1981. The material ranks fourth in exports behind tobacco, gold and ferrochrome.

Trans-Natal reports fall in fourth quarter

THE South African Gencor group's Trans-Natal Coal reports a fall in fourth quarter net income to R9.12m from R13.21m in the previous three months. This is a result of reduced export sales and lower prices aggravated by declining demand in the local market.

The total of R22.33m for the first half of the current year to June 30 compares with R31.84m for the same period in 1981. Trans-Natal says there is likely to be a slight improvement in income from export sales in this quarter.



THE FREDERICK PARKER GROUP PLC

(Manufacturer and supplier of plant for producing crushed and graded stone, mixed asphalt and concrete. Hiring and servicing construction equipment).

Results maintained despite world recession

Year to 30 September	1982	1981
	£000	£000
Turnover	40,493	39,613
Trading Profit before interest	2,968	3,475
Profit before taxation	3,015	3,104
Profit after taxation	2,314	2,848
Earnings per share	16.0p	19.7p

Points from the chairman's comments:

- Cash position further improved.
- Final dividend 3.5p net per share, total for year 5.0p (1981: 4.5p).
- Order position improving after a period of low intake.

K. J. Parker

The Company's Shares are traded on The Over-the-Counter Market. Details of this market together with copies of the full interim report are available from investment Bankers N.J.H. Nightingale & Co. Limited, 27-28 Lovat Lane, London EC3R 8EB.

M. J. H. Nightingale & Co. Limited							
27/28 Lovat Lane London EC3R 8EB				Telephone 01-621 1212			
1982-83							
High	Low	Company	Price Change	Gross Yield	% P.	Fully Actual	
140	120	Asa, Bril. Ind. Ord.	140	+ 1	6.4	8.2	107
112	81	Asa, Bril. Ind. CILS	117		10.0	8.4	117
74	57	Airspang Group	70		6.1	8.7	80
137	110	Asa, Bril. Ind. Ord.	137		6.1	8.7	80
302	187	Barden Mil.	302		11.4	3.8	127
133	100	ECI Type Carv. Plst.	133		19.7	11.8	
112	81	Asa, Bril. Ind. CILS	117		12.6	8.7	109
86	54	Onborah Services	54		6.0	11.1	36
112	81	Asa, Bril. Ind. CILS	117		6.8	8.7	80
80	75	Frank Mansel Pl. Ord	87	80	8.7	10.9	72
83	81	Frederick Patrick	89		6.4	9.2	35
85	83	Gannex Bril. Ind. Ord.	85		10.0	8.4	117
100	76	Ind. Prescrite Castings	74		7.3	9.9	118
129	84	Asa, Bril. Ind. Ord.	129	+ 1	7.5	8.2	100
129	84	Jacksons Group	128		7.5	8.2	100
185	111	James Burroughs	185	+ 1	9.6	7.8	135
170	168	Condro Group	170		20.0	11.9	11.9
83	54	Suttons "A"	57		5.7	7.8	95
112	81	Asa, Bril. Ind. CILS	117		6.1	8.7	80
29	21	Unknot Holdings	26	+ 1	0.46	1.8	
26	20	Water Alexander	20		6.8	8.9	72
26	20	Water Alexander	20		6.8	8.9	72

Prices now available on Personal page 48146.

TALKING KENNING

makes for wide-ranging conversation

Kenning? Been selling British cars since the bull-nose Morris and before. Always do me a good BL deal ...

Over 40 motor depots round the country – and not only BL ...

... that's right – Ford, Audi/VW, Vauxhall, Bedford, Saab, Renault, Fiat ... a computerised selection of used cars ... Leyland and Ford truck distribution ...

... always use Kenning Car Hire when I'm over here – meet me at the airport – over 80 locations – one way hire ... chauffeured cars ...

Kenning's big choice of makes are a great help with my company's fleet operations – they provide any mix of vehicles we want ...

Our partnership only runs three cars – Kenning's tailored a special contract hire deal to suit ...

... don't forget fuel distribution! They handle BP products – and they have nearly 130 petrol stations –

Kenning have one of the biggest tyre businesses in the country too – and they're sole distributors of John Bull tyres and batteries.

... they installed the central heating in our works ... and they do domestic systems as well ...

... would you believe a Kenning company built my milk float?

They build road tankers too – and special bodies for trucks and vans ...

Hey – I stopped at a Motorway Service Area yesterday – run by Kenning!

Kenning Insurance brokers arranged my car policy – they found they can do the lot – personal, household, property, holidays ...

Holidays! Kenning's even have a travel agency!

KENNING MOTOR GROUP

There's a lot to be said for it

Head Office: Manor Offices, Old Road, Chesterfield. Tel: 0246 77241
At over 300 locations in the UK and overseas.

Franchises: ● Rolls Royce ● Bentley ● Austin Rover ● Ford ● Hyundai Pony ● Renault ● Saab
● Lotus ● Opel ● Audi/VW ● MB/Mercedes ● Fiat ● Vauxhall ● E Electric Vehicles ● Triumph ● Jaguar
● Daihatsu ● Daihatsu Luvander ● Linc Rover ● Range Rover ● Sherpa ● Leyland ● Leyland Vehicles
● Scania ● Freight Rover ● Ford Commercial.

Specialised Services include: Car, Van and Truck Hire, Long Term Contract Hire, Tyre & Exhaust Fitting, Motor Parts & Accessories Service, Petrol/Diesel Tyres, Concessionaires for John Bull Tyres, Fuel and Lubricant Distribution, Domestic & Commercial Heating Installation, Coachwork, Road Tanker & Electrical Vehicle Manufacture, Motorway Services, Insurance, Travel, Driving Schools.

UK COMPANY NEWS

IMPORTANT
To all
Company Directors.
DHSS

To: Company directors.

From April 6, company directors' National Insurance contributions will be assessed differently.

This notice applies to all company directors, whether under contract of service or not.

It means that from April 6, as a company director, your NI contributions will be related to your total annual earnings from the company in the tax year (including salary, fees and bonuses) and will be payable monthly with PAYE. Any advances on fees will be treated in the same way as part of earnings.

Where company directors take up office during the tax year, their NI contributions will be calculated on a pro-rata basis for the rest of the year.

Full details are in leaflet NI.35/Apr '83 which is being sent to all employers.

Further leaflets are available from your local DHSS office.

Issued by the Department of Health & Social Security

New travel cheque agreement for Cook

By Rosemary Burr

THOMAS COOK, the travellers cheque and travel subsidiary of Midland Bank, is to become the first European travellers cheque issuing member of Mastercard International, the worldwide personal payments organisation which is involved in the Access credit card operation in the UK.

The move is designed to increase Thomas Cook's share of the key American market. About half of all travellers cheques issued are denominated in dollars.

Thomas Cook recently lost its contract with the Automobile Association of America, which was worth about £22m (\$551m) a year in U.S. travellers cheque sales. The contract accounted for a major portion of Thomas Cook's U.S. travellers cheque business.

The company's worldwide travellers cheque sales are about \$5bn, of which about \$1.2bn comes from the U.S.

Thomas Cook will now become the largest Mastercard travellers cheque issuer.

Mr John Brooks, deputy group chief executive of Midland Bank and a director of Thomas Cook, said: "We see considerable opportunities to develop our established travellers cheque business within the framework of membership of Mastercard."

The company hopes its association with Mastercard will generate more sales of travellers cheques in various currencies and higher fee income through the clearing of other issuer's travellers cheques outside the U.S.

YORKSHIRE CONTINUES TO OUTPERFORM ITS RIVALS

A bank that sticks to its roots

BY WILLIAM HALL, BANKING CORRESPONDENT

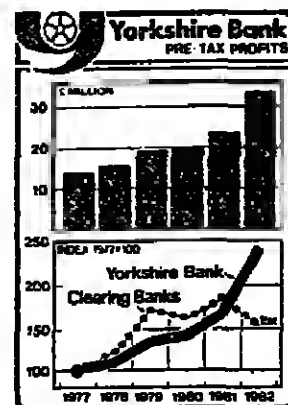
TAKE CARE of the pence and the pounds will take care of themselves" is the sort of advice which has stood the Leeds-based Yorkshire Bank in good stead over the years.

Yesterday it started the 1982 bank results season by announcing a 44 per cent increase in its pre-tax profits to £33.7m (\$53m) and a 22 per cent increase in its dividend. Given that its 205 branches are concentrated in some of the most economically depressed parts of the UK and it cannot rely, like its clearing bank parents, on overseas profits to boost its earnings, Yorkshire Bank's 1982 performance is no mean feat.

The result is helped by a £6.9m profit on gilt sales (against a £1.4m loss in 1981), but the performance is still impressive, especially since it follows several years when the Yorkshire Bank has outperformed its smaller rivals.

The nearest in size is the Manchester-based Co-operative Bank, which in its last financial year to January 1982 made pre-tax profits of £3.5m and is unlikely to have done much better in its latest financial year.

Williams & Glyn's is another bank with its roots firmly in the North. Mainly because of its inter-



national operations, its balance sheet is four times the size of the Yorkshire Bank, but its return on assets is two-thirds lower.

The Yorkshire Bank started life as a penny savings bank set up by wealthy Yorkshire philanthropists in 1850, and although it now operates as a fully-fledged commercial bank (after being bailed out by the Midland Bank in 1911), its roots are still in the local communities of the North and Midlands.

It has never sought the status of joining the bankers' clearing house. Other banks might argue that its branch network is too concentrated

in the poorer parts of the country but the Yorkshire Bank sees this as an advantage since these are the areas least well served by the big banks.

Mr Graham Sutherland, general manager of the Yorkshire Bank, says that the bank's philosophy is to keep things simple. The bank is a purely domestic institution. "We have never heard of Brazil or Mexico," he jokes.

The bank has stood apart from others which have invaded the home loan market, and seen little point in opening its branches on Saturday mornings when it has nearly finished installing the densest cash dispenser network in the country. One in two of its branches boasts the new hardware.

It admits it is not always the cheapest bank in the market place but says its speed of decision making, unencumbered by regional head offices, is often more important in clients' eyes.

The bank's success to date is reflected in the fact that it has not had to call on its shareholders for extra funds for many decades.

Last year, the bank increased its net interest income by 11 per cent to £73.1m and other operating income by almost a third to £13.8m. Its bad debt charges rose by just

over a third to £7.3m but this was in large part due to the general increase in the balance sheet, which was up a quarter at £1.7bn.

The bank admits that falling interest rates boosted its performance, given its relatively sizeable book of fixed rate lending. Nonetheless, new lending was buoyant, with total advances rising 30 per cent to £745m and instalment lending rising £35m to £191m.

The bank is particularly proud of its success in the area of free banking for customers who keep their accounts in credit. Over the last year it has picked up 133,000 new accounts - an increase of 48 per cent.

The growth in the bank's balance sheet means that for the first time it is fully lent and has been raising funds in the wholesale money markets (£130m) to fund the expansion of its book. Nonetheless, the bulk of its funds still come from savings accounts (£500m) and current accounts (£275m).

As interest rates fall several banks offering free banking are wondering how much longer they can continue to do so without damaging their profitability unduly. But Yorkshire Bank promises to continue to pursue this policy as long as anybody.

Press Tools warns of falling orders

BY OUR FINANCIAL STAFF

WITH the order position for turned parts and vehicle accessories improving substantially in the first month or so of the current financial year, there was a "swift and acceptable" improvement in turnover and profits at Press Tools.

But, say the directors, this resurgence has just as quickly fizzled out, in spite of the most determined efforts to keep up the momentum.

Pre-tax profits improved from £70,000 to £128,000 in the six months to October 31, 1982, and sales of this West Midlands company rose from £1.15m to £1.49m. The interim dividend is unchanged at 0.8p net last year's total was 2p from pre-tax profits of £181,006 (£215,104).

First-half trading profits moved ahead from £26,000 to £35,000, and the pre-tax figure was struck after interest and other income totalling £33,950 compared with £4,000. Tax this time took £65,000.

Press tools and Walker-Sholto (grinding specialists) have struggled to keep a break-even during the half, say the directors, and

PRESS TOOLS

Machine tool and car parts manufacturing

Half year to Oct 31	1982	1981
Sales	1.49m	1.15m
Pre-tax profit	128,000	70,000
Tax	65,000	-
Attributable profit	-	-
Earnings per share	-	-
Dividend	0.8p	0.8p

this was achieved only by certain diversification into very specialised production, the continuity of which cannot be guaranteed.

Overall, the board looks for an improvement on last year's results, but it will be very nominal since a marked fall in supplementary income is inevitable, in view of the lower interest rates now prevailing.

For the longer term, the directors cannot yet see grounds for optimism. However, the company has improved its facilities and plant.

Donald MacPherson back in the black

BY OUR FINANCIAL STAFF

THE Donald MacPherson Group of paintmakers has achieved a recovery. It has wiped out the loss incurred at the half year stage and turned it into a profit before tax of £1.35m for the 53 weeks ended October 31, 1982, against £2.87m previously. The dividend is held at 4.2p with a final of 2.7p.

This year there were no exchange profits and interest charges have effectively doubled as gearing has increased from 38 to 58 per cent. The higher interest charges are primarily due to the cost of new acquisitions which have yet to realise their full potential.

In the year, sales passed the £100m mark for the first time culminating in a 14 per cent increase over 1981 at £103.5m reports the chairman, Mr Rex Chester. Of the rise some 9 per cent was accounted for by new acquisitions. In general the company believes market shares to have been fully maintained. Overall volume, excluding new acquisitions, has remained broadly static in line with the continuing recession.

DONALD MACPHERSON GROUP

Manufacture of paint and other surface coatings

Year to Oct 31	1982	1981
Sales	103.5m	90.3m
Pre-tax profit	1.35m	2.87m
Tax	745,000	1.3m
Attributable profit	440,000	834,000
Earnings per share	3p	7.5p
Dividend	4.2p	4.2p

Trading profits in the UK improved from £2.41m to £2.59m, reflecting a steady performance in the trade and retail division. On the industrial side both the Industrial and Unerman divisions have done well to remain in profit despite operating in markets that have contracted by as much as one-third in the last three years, the chairman states.

The cost of dividends comes to £761,000, and leaves a shortfall of £321,000 to be met from reserves.

New Issue
February 16, 1983

This advertisement appears
as a matter of record only.

EUROPEAN ECONOMIC COMMUNITY

DM 200,000,000

7¾% Deutsche Mark Bonds of 1983/1995

Offering Price: 99¼%
Interest: 7¾% p.a., payable annually on February 15
Redemption: on February 15 of the years 1988 through 1995 in ten equal instalments by drawing of series by lot at par
Listing: at all German stock exchanges

Deutsche Bank Aktiengesellschaft Commerzbank Aktiengesellschaft	Dresdner Bank Aktiengesellschaft Westdeutsche Landesbank Girozentrale
Amro International Limited Morgan Stanley International	Banque Paribas Solemer Brothers International Credit Suisse First Boston Limited Société Générale de Banque S.A.
Abu Dhabi Investment Company Arab Banking Corporation (ABC)	Alshil Bank of Kuwait (K.S.C.) Arnhold and S. Bleichroeder, Inc. Banca Commerciale Italiana
Julius Baer International Limited Bank of America International Limited Bank Leu International Ltd.	Bank für Gemeinwirtschaft Aktiengesellschaft Bank of Tokyo International Limited Banque Française du Commerce Extérieur Banque Nationale de Paris Barclays Merchant Bank Limited
Banque Bruxelles Lambert S.A. Banque Internationale à Luxembourg S.A. Banque Populaire Suisse S.A. Luxembourg	Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft Joh. Benenber, Gossler & Co. Bankhaus Gahröder Bethmann
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft Joh. Benenber, Gossler & Co.	Bayerische Landesbank Girozentrale Berliner Bank Aktiengesellschaft Copenhagen Handelsbank
Bankhaus Gahröder Bethmann	Crédit Lyonnais Den Danske Bank at 1871 Aktieselskab Deirück & Co.
Crédit Commercial de France Dahwa Europe Limited	Effektenbank-Warburg Aktiengesellschaft European Banking Company Limited Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft Handelsbank N.W. (Overseas) Limited Hilf Samuel & Co. Limited Klöber, Peabody International Limited Kreditbank S.A. Luxembourg
Richard Deas & Co. Bankiers	Kuwait Investment Company (S.A.K.)
DG Bank Deutsche Genossenschaftsbank Euromobiliare S.p.A.	Lazard Frères et Cie McLeod Young Weir International Limited B. Matzler und Sohn & Co.
Gefine International Limited	Morgan Guaranty Ltd Norddeutsche Landesbank Girozentrale Orion Royal Bank Limited Rabobank Nederland
Hambros Bank Limited Hessische Landesbank - Girozentrale - Istituto Bancario San Paolo di Torino	Merck, Finck & Co. Samuel Montagu & Co. Limited The Nikko Securities Co., (Europe) Ltd. Den norske Creditbank
Kreditbank N.V.	PK Christiania Bank (UK) Limited N.M. Rothschild & Sons Limited Smith Barney, Harris Upham & Co. Incorporated Swiss Bank Corporation International Limited Verelins- und Westbank Aktiengesellschaft Westdeutsche Aktiengesellschaft Yamaichi International (Europe) Limited
Kuwait International Investment Co. s.a.k.	Ward Gundy Limited
Lazard Frères et Cie	
McLeod Young Weir International Limited	
B. Matzler und Sohn & Co.	
Morgan Guaranty Ltd	
Norddeutsche Landesbank Girozentrale	
Orion Royal Bank Limited	
Rabobank Nederland	
Schneider, Münchmeyer, Hengst & Co.	
Svenska Handelsbanken S.A.	
Union Bank of Switzerland (Securities) Limited	
S.G. Warburg & Co. Ltd.	



ELECTRA RISK CAPITAL PLC.

Issue of Master Shares
in the Electra Risk Capital II Fund
at £2,500 each

Each Master Share will, when invested, represent a series of personal investments in new businesses, under arrangements designed to qualify the holder for income tax relief under the Government's Business Start Up Scheme.

Investments (in the UK only) will be in new businesses and in companies which have been trading for less than 5 years. These will operate in a wide range of manufacturing and service industries, particularly those involving the development of products and the exploitation of technology.

The advantages to the investor are: -
1. Investment in companies with good growth prospects.
2. Tax relief against income on amounts invested.
3. Spread of investments and consequent reduction of risk.
4. The services of professional and specialist management.

The Master Shares comprise an investment fund approved by the Board of Inland Revenue under Section 66 (2) of the Finance Act 1981.

Before deciding to proceed with an application for Master Shares, you are strongly advised to take financial advice (e.g. from a stockbroker, accountant, solicitor, bank manager, etc.), taking account of the special risks involved and your own financial circumstances and tax position.

Full details are contained in the prospectus, copies of which (with application forms) are available through your stockbroker and from:

National Westminster Bank PLC.,
New Issues Department,
P.O. Box 79, Drapers Gardens,
12 Throgmorton Avenue, London, EC2P 2BD.

Electra Risk Capital PLC.,
Electra House, Temple Place,
Victoria Embankment, London, WC2R 3HP
Telephone: 01-836 7766

If you require a copy by post, please complete the coupon and send it to Electra Risk Capital PLC. at the above address.

Please send me a copy of the
Electra Risk Capital II fund prospectus

Name

Address

Postcode

FT COMMERCIAL LAW REPORTS

Merger not prejudicial to shareholders' interests

IN RE CARRINGTON
VIVELLA PLC
Chancery Division: Mr Justice
Vinelott: February 3 1983

WHERE a company gives an undertaking to the Government that it will not hold more than a specified proportion of shares in another company, the undertaking does not affect the rights of shareholders of that other company and accordingly its breach does not entitle a shareholder to assert that that company's affairs are being conducted in a manner unfairly prejudicial to his interests.

Mr Justice Vinelott so held when striking out a vexatious petition by which the petitioner, Hopespeed Ltd, a shareholder of Carrington Vivella PLC (CV), claimed relief on behalf of Mr Joe Hyman, against CV and Imperial Chemical Industries PLC (ICI), on the ground that CV's affairs were being conducted in a manner prejudicial to shareholders.

Section 75 of the Companies Act 1960 provides: "(1) Any member of a company may apply to the court by petition for an order... on the ground that the affairs of the company are being conducted in a manner which is unfairly prejudicial to the interests of some part of the members... (4) ... and under this section may—(a) regulate the conduct of the company's affairs in the future."

HIS LORDSHIP said that towards the end of 1980 ICI intended bidding for the whole of the issued share capital of Vivella International Ltd, with a view to merging it with Carrington and Dewhurst Ltd.

The Paymaster-General announced that the proposed bid would be allowed to go ahead without reference to the Monopolies Commission, subject to ICI's giving certain undertakings.

ICI undertook to reduce its shareholding in the merged company to not more than 35 per cent as soon as practicable, and if it had not done so within 12 months, to exercise no more than 35 per cent of the votes.

ICI's shareholding in Carrington Vivella, the merged company, was 49.38 per cent. It was not reduced to 35 per cent.

By a circular dated October 20, 1982 the chairman of CV recommended acceptance by shareholders of an offer by Vantona Group PLC in merger with CV. The circular stated that ICI had irrevocably undertaken to accept the offer and to vote in favour of certain resolutions on which it was conditional.

On November 29 Hopespeed Ltd, a company which owned an ordinary share in CV, presented a petition on behalf of Mr Joe Hyman, who until 1970, was chairman and managing director of Vivella.

It claimed a declaration that ICI was bound by the undertakings not to own more than 35 per cent of the shares, and an order that it should not vote more than 35 per cent on the merger proposals.

Since the petition was presented Mr Hyman had become the registered holder of 4.5m shares in CV. He applied to be joined as petitioner. His application was unopposed.

Vantona's offer was conditional on 90 per cent acceptances being received before January 19 1983, or such later date or lower percentage as Vantona might agree; and on the passing of special resolutions at an extraordinary general meeting of CV.

That meeting was held on January 21. CV's chairman announced that the offer had been accepted in respect of 79 per cent of the ordinary shares of CV. The resolutions were passed by a show of hands, no poll being demanded, so that ICI did not need to exercise its full voting strength.

At noon on February 2 acceptances stood at 86.5 per cent. Vantona extended the time for acceptance to February 9. Under the Takeover Code the offer could not be declared unconditional after that date.

CV and ICI sought an order that the petition be struck out as an abuse of the process of the court.

Mr Wright, for the petitioners, accepted that the undertakings had been given to the Government, and that they could be released, waived or modified by

the Government; but he submitted that they played a part in the conduct of CV's affairs and that shareholders had acquired their shares in CV on the footing that ICI would not vote more than 35 per cent without first obtaining their release, modification or waiver.

He submitted that the petitioners were entitled to trial of an issue whether CV's affairs had been conducted in a manner unfairly prejudicial to its members, other than ICI, and whether the court had jurisdiction under section 75(4)(a) of the Companies Act 1960, to make an order declaring that ICI was not entitled to vote more than 35 per cent without first obtaining the consent of the Government.

Section 75 conferred a new and valuable means by which a minority shareholder could challenge the conduct of the affairs of a company; but however wide its scope might be, the facts alleged in the petition and the evidence came nowhere near establishing a claim for relief.

There were two insuperable difficulties. First, there was no justification for the claim that because undertakings obtained by the Government in the public interest might have influenced potential shareholders in CV, the shareholders were entitled to prevent ICI from voting its full strength without first approaching the Government.

So far as a potential investor paid regard to the undertakings, he would have regard to the fact that they might be enforced if the public interest so required—which might not coincide with CV's commercial interests. In so doing, he could not be treating the undertakings as part of the constitution of CV or as in any way affecting the rights of shareholders inter se.

Secondly, if the offer became unconditional, ICI would no longer be a shareholder, and the undertakings would cease to have any effect.

There was nothing in the petition or the evidence to support the claim that ICI had behaved improperly in the past in relation to the undertakings. Nor was there any ground for fear that it might do so in the future if the offer did not become unconditional.

For petitioners: Robert Wright QC and John Cane (Needham and Grant).

For Carrington Vivella: Allan Heyman QC and Mory Arden (Allen and Overy).

For ICI: T. L. G. Cullen QC and W. A. Blackburne (V. O. White).

William Stubbs QC and L. G. Kosmin on watching brief.

By Rachel Davies Barrister

On that ground alone the claim for a declaration was unfounded and vexatious.

The petitioners sought amendment of the petition, on the ground inter alia that a service agreement between CV and its chairman was not entered into to the interests of CV, but in order to protect the chairman's position in the merger.

There was nothing to support that allegation. If there had been any breach of duty to CV, it would affect all shareholders equally. To succeed in a petition under section 75 petitioners had to show conduct which was unfairly prejudicial to "part" of the shareholders.

Amendment was also sought on the ground that the service agreement was not put to the company in general meeting, as required by section 47 of the Act. Mr Wright submitted that the right of each shareholder to vote its approval had been infringed, and that the petitioners were entitled to a declaration that the agreement was void.

That submission was not by itself a ground for founding a petition under section 75. A petitioner must show not simply that his rights as a shareholder had been infringed, but that the affairs of the company had been conducted in a way unfairly prejudicial to some part of the members.

Even on a liberal reading of the petition and the evidence, and on the widest possible construction of section 75, the petition fell far short of establishing that the affairs of CV had been conducted in a way unfairly prejudicial to members other than ICI.

It would be wrong to allow the amendments to be made and the petition itself must be struck out as vexatious.

For petitioners: Robert Wright QC and John Cane (Needham and Grant).

For Carrington Vivella: Allan Heyman QC and Mory Arden (Allen and Overy).

For ICI: T. L. G. Cullen QC and W. A. Blackburne (V. O. White).

William Stubbs QC and L. G. Kosmin on watching brief.

By Rachel Davies Barrister

BR looks at bids for 21 hotels

By Hazel Duffy, Transport Correspondent

CONSIDERATION of the bids for the 21 British Transport hotels offered for sale by British Rail will take place over the next two weeks.

The offer for sale, which closed on Monday, attracted "some interest," according to a spokesman for Morgan Grenfell, which is advising British Rail Investment (BRII) on the disposal.

The offers include some for groups of hotels, with certain hotels inevitably overlapping between the offers. The task of BRII and Morgan Grenfell will be to decide which of the various offers satisfy the criteria of preference set out in the offer document and will also yield the best price for BR.

Preference will be given to offers for eight or more hotels, and to those bidders who are prepared to take on some of the BTH head office staff. The staff in the hotels will be transferred to the successful bidders, but no such protection was given to head office staff.

The sale of the hotels, which include some desirable resort hotels and several city centre hotels, is taking place as part of the Government's privatisation plans. The offer for sale deliberately refrained from putting an asset value on the hotels in order to test the market, but BR hopes to yield at least £20m from the sale.

Together with sales of surplus property, the hotels are the prime BR assets which are capable of being turned into cash.

The next major BR sale is intended to be Sealink, but this will not take place until the company shows some signs of returning to profitability.

RESULTS IN BRIEF

BROADSTONE

Investment Trust

Year to Dec 31	1982	1981
Pre-tax revenue	1.75p	1.85p
Tax	606.85p	590.72p
Dividend	7.85p	7.45p
NAV per share	346.9p	283.7p

DENTLAND

Investment Trust

Year to Dec 31	1982	1981
Pre-tax revenue	1.51p	1.78p
Tax	678.00p	650.80p
Dividend	8.85p	8.35p
NAV per share	288.3p	212p

DRAKE & SCULL HOLDINGS

Electrical, mechanical and general engineering

Year to Oct 31	1982	1981
Sales	117.12p	115.31p
Pre-tax profit	4.1m	2.8m
Tax	1.74m	1.36m
Attributable profit	2.07m	1.97m
Earnings per share	10.3p	7.5p
Dividend	3.25p	3p

FASHION & GENERAL

Investment Trust

Half year to Sept 30	1982	1981
Pre-tax revenue	198.45p	218.44p
Tax	88.50p	105.59p
Dividend	—	—
NAV per share	353.8p	342p

GLASGOW STOCKHOLDERS

Investment Trust

Year to Dec 31	1982	1981
Pre-tax revenue	1.41m	1.38m
Tax	204.00p	327.80p
Dividend	2.5p	2.35p
NAV per share	121.1p	102.8p

MANCHESTER SHIP CANAL

Operation of Manchester port and associated businesses

Year to Dec 31	1982	1981
Sales	23.21m	22.08m
Pre-tax profit	982,000	2,02m
Tax	178,000	6,000p
Attributable profit	—	—
Earnings per share	34p	64.4p
Dividend	3.5p	—
Loss	—	—

MELDRUM

Investment Trust

Year to Dec 31	1982	1981
Pre-tax revenue	1.21m	1.06m
Tax	413,000	348,000
Dividend	3.75p	3.45p
NAV per share	115p	89.4p

Pensions survey

The Pensions for Individuals survey published on January 29 carried a table of net relevant income that can be applied in personal pensions. However the list omitted some changes made in the 1982 Finance Act. The corrected table is as follows:

Year to Dec 31	percentage
1924 or after	17
1916-1923	20
1914-1915	21
1912-1913	24
1910-1911	26
1908-1909	29
1907	32

UK COMPANY NEWS

APPOINTMENTS

Theobald to supervise Timothy Whites transfer

THE BOOTS COMPANY has reallocated responsibilities for two of its main board directors in the retail division. Mr K Ackroyd becomes managing director of Boots The Chemists and Mr B H C Theobald is now responsible for retail development in the UK and overseas. Mr Theobald will also supervise the transfer of the Timothy Whites business to Boots stores.

Mr Raymond Bloch has been appointed a director of BP CHEMICALS. Based in London, he will be responsible for the BP Chemicals range of performance and specialty products and the commercial department. He will also have regional responsibility for North Africa and the Middle East. Mr Bloch is currently director, oil supply and logistics for S.F. BP in Paris.

Mr Paul Tjepkema, the director formerly responsible for performance and specialty products and commercial department, has resigned to pursue a career elsewhere.

Mr T O Thwaites has been appointed managing director of RETAIL VENTURES—a new company to be established within the framework of Grand Metropolitan consumer services. He was formerly managing director of Chef and

Brewer, where he is succeeded by Mr P A Fitz-Simmons. Mr Fitz-Simmons was formerly finance and business development director, Grand Metropolitan Brewing, consumer services and leisure.

Mr Allan Munro, responsible for the centralised dealing and the management of gilt edged and South African equity portfolios managed by IVORY & SIME, has been appointed an assistant director.

Mr E J R Thomas has been appointed a director of C F Taylor (Metalworkers) and becomes managing director at FRANCIS SHAW from February 21. Mr M H Wood is appointed director and general manager at C F Taylor (Metalworkers), while the sales and technical departments will be combined and Mr J Wilson becomes technical sales director, both from February 21.

Mr A D Househam, a director of Ofrex Group and Gallaher, has been elected executive chairman of OFREX GROUP, following the resignation of Mr A G Andrew for personal reasons. Ofrex is a wholly-owned subsidiary of Gallaher.

Under the re-organisation of the membership services division BRITISH ROAD SERVICES, a new financial post has been created. Mr

Ray Combs has been appointed head of finance, responsible for the financial administration of all services offered by the division including the communications centre, AA-BRS Rescue, BRS Transcard, and Prestel Datafreight. He was management accountant with Cotnam-Pickfords, a sister company in the National Freight Consortium.

Mr David Hay has been appointed general manager of the advanced projects group at PHILIPS BUSINESS SYSTEMS, UK electronic office systems arm of Philips International.

Mr Richard E Parton will join CREDIT SUISSE FIRST BOSTON on March 1 as head of administration replacing Mr Jacques Pittner, who is returning to Zug. Mr Parton will be nominated for election as executive director at the next Credit Suisse First Boston board meeting and he will replace Mr Pittner on the operating committee. Mr Parton is a vice-president of Chase Manhattan Bank.

Mr Stephen E Latharius has been promoted to marketing director-Europe for the international group of MCCORMICK AND COMPANY. He will be based in London, and was marketing manager.

Winding-up petition adjourned

By Raymond Hughes, Law Courts Correspondent

THE BANK of England's petition for the compulsory winding-up of Goodwin Squires Securities, which was removed from the Bank's list of licensed deposit-takers last October, was adjourned for 28 days in the High Court yesterday.

Mr William Blair, for Goodwin Squires, told Mr Justice Vinelott in the Companies Court that an adjournment would enable the company to put in evidence that would remove both the grounds on which the Bank sought to have the company wound up.

The Bank's petition was brought under s.38 of the 1979 Banking Act, which provided for winding-up if the company could not meet calls on deposits or was insolvent.

Mr Blair said that, although there were unpaid depositors, Goodwin Squires was solvent, having, in particular, a substantial unencumbered freehold property.

The company believed that the two unpaid depositors, totalling about £200,000, would be prepared to convert their deposits into shares in the company.

An adjournment would enable Goodwin Squires' managing director to examine the company's books.



Could this be YOU in a few years' time? — remembering the joint you used to buy.

The times when they used to entertain family and friends — now just a fading memory of happier days.

These are the people who have served their country well in peace and war, and to whom retirement has become a time of deprivation and need. The DGAA is now State aided so, please help us — with a donation, a co-ordinated subscription or a legacy. We help needy people to stay in their own homes and when they can no longer manage, we maintain Residential and Nursing Homes for the elderly, so that we can continue to give friendship and support to those requiring care and nursing... people like you.

THE DISTRESSED GENTLEFOLK'S AID ASSOCIATION

Founded 1897, Patron H.M. Queen Elizabeth, the Queen Mother
Dept. 7, Wickham Gate House, Wickham Gate, London W8 4AQ. Tel: 94-229341
HELP THEM GROW OLD WITH DIGNITY

HIGHVELD STEEL AND VANADIUM CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND NO. 17 (Final)

A dividend No. 17 of 22 cents a share, being the final dividend in respect of the financial period July 1 1981 to December 31 1982 has been declared payable on April 29 1983 to shareholders registered in the books of the corporation at the close of business on March 31 1983. This dividend, together with the first interim dividend of 11 cents a share declared on February 26 1982 and the second interim dividend of 19 cents a share declared on September 10 1982, makes a total of 49 cents a share for the eighteen months financial period.

The dividend is payable in the currency of the Republic of South Africa. Dividend warrants will be posted from the office of the transfer secretaries on or about April 28 1983.

Any change of address or dividend instruction to apply to this dividend must be received by the corporation's transfer secretaries Consolidated Share Registrars Limited of 40 Commissioner Street, Johannesburg 2001 (P.O. Box 61061), Marshalltown 2107, not later than March 31 1983. Shareholders must, where necessary, have obtained the approval of the South African or any other exchange control authorities having jurisdiction in respect of such instructions.

The share transfer register and register of members will be closed from April 1 to April 15 1983, both days included.

In terms of the Republic of South Africa Income Tax Act, 1962, as amended, non-resident shareholders' tax will be deducted by the corporation from dividends payable to those shareholders whose addresses in the share register are outside the Republic. The effective rate of non-resident shareholders' tax is 15 per cent.

The abridged audited consolidated income statement of the corporation and its subsidiaries for the financial period July 1 1981 to December 31 1982, is as follows:

	18 months to December 31 1982	12 months to June 30 1981
Turnover	536 316	332 987
Profit before taxation	95 137	73 226
Less: taxation	23 132	22 549
Less: outside shareholders' interests	72 805	80 377
	2 935	1 673
Attributable profit	69 070	48 704
Interim dividends No. 15 of 11 cents a share and No. 16 of 16 cents a share (1981: No. 13 of 10 cents)	18 403	6 817
Provision for dividend No. 17 (final) of 22 cents a share (1981: No. 14 (final) of 22 cents)	14 991	14 963
Retained earnings	35 676	26 924
Number of shares in issue at end of period	68 138 770	68 012 770
Taxed earnings per share (cents)	101.6	71.6
Dividend per share (cents)	49.0	32.0

It is anticipated that the annual report will be posted to all registered shareholders on or about March 31 1983.

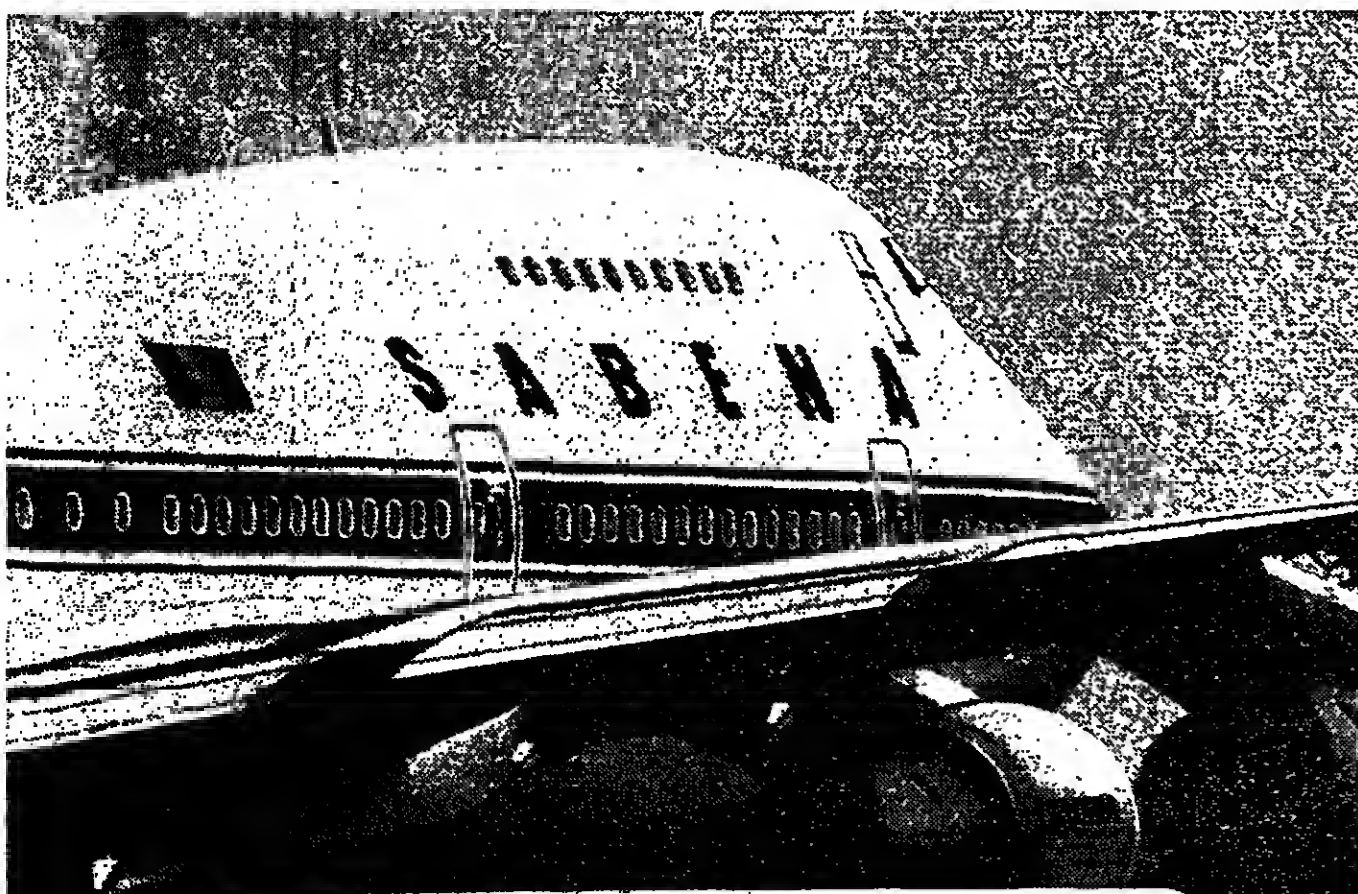
Wilbank

February 15 1983

Registered Office:

Portion 29 of the farm Schoongezicht no. 308 J.S. District Wilbank (P.O. Box 111, Wilbank 1035)

By order of the board
A. J. L. Pretorius
Company Secretary



"I've put you on Sabena"

They share your feelings about First Class



Naturally Sabena offers a convenient worldwide network. But like you, they also attach a great deal of importance to first class, with cuisine worthy of the exclusive Club des Gastronomes and every creature comfort.

Unlike most other airlines, they still offer first class within Europe and, on the upper deck of their transatlantic 747's, you will find a select lounge bar. At Brussels National, Europe's most compact, least stressful airport, a special first class transit lounge ensures that, however long your journey, it can be first class all the way.

Sabena. More than 70 destinations round the world. Your travel agent or nearest Sabena office has all the details.

SABENA
Belgian world airlines

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A TWENTY-FOLD increase on an investment within six years is good by any yardstick. A forty-fold appreciation in less than five is the sort of performance that only venture capitalists—or gamblers—might dream of.

The U.S. subsidiary of one of Britain's leading investment and banking groups predicted a 5,400 per cent profit of \$17m just over 18 months ago on an initial investment of \$397,000 in, of all things, ice cream. Not for Charterhouse Group International, the New York offshoot of London-based Charterhouse Group, the tightrope walk of backing some new technology-based company so popular among the east and west coast venture capitalists of America. Instead, its strategy was to back a mature company in a mature industry, selling a product dear to almost every American's stomach.

Charterhouse Group International, known as Chusa, achieved such a performance by virtue of good fortune, certainly, but also by dint of an investment and management approach which enabled it to notch up another significant success in pharmaceuticals packaging—a which brought in a seventeen-fold profit totalling \$7,763,000.

Dreyer's Grand Ice Cream, based in California, and Peco Pharmaceuticals of Lakewood, New Jersey, are the stars of a portfolio which has numbered only it investments in ten years. Five have been sold, generally at a good profit. A sausage products company has been the only failure, and Chusa maintains that it extricated itself from that venture without any significant loss.

Chusa's hefty gains are somewhat unusual given the maturity of the companies in which it generally invests and the rather cautious profile more usually associated with the Charterhouse Group as a whole. At least, that was the case until the parent company last year took the UK investment world by surprise by leading a move to acquire a controlling stake in the struggling UK end of the F W Woolworth retailing chain at a cost of £310m. That deal involved not only a buy-out of the company, but the infusion of top management (though the search for a new chief executive has been unfruitful and has been abandoned for the time being).

However, whereas UK buy-outs tend to involve a finance institution merely funding existing company management, Chusa has been fine-tuning a concept reminiscent of that applied with the Woolworth deal in the UK: funding, or arranging the funding for, the transfer of equity control, often taking a big interest itself and always involving an independent investment "partner" from outside Chusa and the company involved.

The outcome of this approach has been that Chusa's operating profit has grown at an average annual rate of almost 50 per cent, with revenue growth run-



Merrill Halpern (left) and Al Schechter, making profits from a packaging partnership

Where a partnership can magnify profit potential

Charterhouse has had some striking results with management buy-outs of mature companies in the U.S. Nicholas Leslie reports

ning at 30 per cent.

Merrill Halpern, who set up Chusa in 1972, believes that by developing a small group of entrepreneurs who have already achieved success and realised their investment, but who wish to remain active, Chusa can fund a buy-out in the knowledge that its partner has the experience and commitment to force a strong "hands on" management link.

Halpern, an athletic 48-year-old with an MBA from Harvard Business School and over 25 years in the corporate finance field, says that Chusa is "financially and acquisitionally oriented and does not presume to be operational on a day-to-day basis. So we need an entrepreneur who works with us."

To this end, Chusa has, for example, found Alfred Schechter and Arthur Spiro to be investment partners in five of its current investments. Schechter, with a background in packaging as an independent entrepreneur, is Chusa's investment partner in Peco Pharmaceutical Services, a packaging company, and Joseph Kirschner Company, a branded sausage products manufacturer. (Chusa's earlier unsuccessful foray into

this business did not deter it from having another go.)

Spiro, having spent a lifetime largely in the textiles industry, has partnered Chusa in Carleton Woolen Mills, which produces fabric for a variety of clothing, furnishing and other uses; Perfect Fit Industries, a manufacturer of bedroom and household textile furnishings; and Golding Industries, a manufacturer of mattress ticking. Additionally, other key executives in these companies also hold shares.

The need for investment partners has been dictated partly because they provide Chusa with an expert link between itself and its investments. Also, though, a partner can fill any top management gap—as may be necessary, say, if the owner of a company retires after a buy-out.

Chusa's criterion that any buy-out should be in a mature industry is, in fact, familiar among institutions which fund this type of investment. As Halpern explains, the high gearing—the ratio of debt to equity—involved in buying out a company makes it essential that the acquired company is generating sufficient earnings

to fund the debt involved.

But the need to repay borrowings must also be balanced against the need to put capital back into the business. "This directs us to companies that are not capital intensive and do not need huge investment to maintain their markets. We have done investments in capital intensive markets, but if you do so you must continue to invest so that you stay at the forefront of technology."

"So, basically, we are looking at companies that meet a conceptual profile; a long history of earnings, a good balance sheet and making products for mature markets," Halpern adds. Because such companies tend to have lower market ratings if they are publicly quoted the prices they command often equate to asset values, or even less, with price earnings ratios of around 7 to 8.

More than 200 propositions—identified through a whole network of contacts among financial institutions, bankers, lawyers, accountants and business brokers—are checked out each year. Visits are made to around 75 and serious discussions take place with around 25 before maybe a couple of

investments will be made.

Though Chusa's latest investment—a 49.9 per cent stake in AC Manufacturing, a specialist heating and air conditioning equipment manufacturer (the remaining equity being owned by management and other investors)—is much in line with its traditional concept, it has nevertheless been widening its horizons. For one thing, says Halpern, "you have got to do other things because you can't grow just by buy-outs."

It is nevertheless clear that, to a degree, Chusa has little choice but to broaden its interests. While its successes do wonders for the parent company's results (particularly in 1991 when, largely as a result of the Peco and Dreyer's share sales, Charterhouse's group profits from development capital operations jumped from £3.95m to £13.1m) its capacity to invest is considerably enhanced. Yet, as happened in the U.S. in 1981 when inflation eased and interest rates rose, it becomes very much more difficult to finance buy-outs because a company's cash flow is unlikely to expand at an adequate rate to fund increasing debt costs.

So Chusa has been contemplating the possibilities of purchasing significant stakes in larger companies, where it could seek boardroom representation. Specifically, Charterhouse and Electra Investment Trust have joined together to

Justified immodesty

"HOW OFTEN do I get a good idea? Oh, about twice a day: once before lunch and once after."

If Al Schechter sounds a little immodest in his claim he can afford to be. For, even though a faint smile accompanies this bold assertion reveals a wry sense of humour, Schechter has the confidence to indulge in a degree of exaggeration that goes with having enjoyed business success for a long time. Most recently he has been riding high on two extremely profitable investments, one being Dreyer's Grand Ice Cream and the other Peco Pharmaceutical Services where he is the "investor partner" with Charterhouse Group International.

Conventional wisdom has it that a bought-out company should continue to exploit its existing product and avoid any investment which might hamper cash flow and hinder the company's ability to repay its debt in the short term.

Schechter, with a keen marketing eye and a lifetime in packaging, believed Peco could face well by developing its own products, packaging systems and even packaging machinery. He has been proved right, but not without a bit of a scare along the way.

Peco's basic business is contract packaging of ethical drugs for the pharmaceutical industry (for this it requires Food and Drug Administration approval). It provides facilities for a whole range of companies—including majors

like Johnson and Johnson, Burroughs Wellcome, and Merck—enabling them to iron out peaks in their own production, and test market new products without tying up their own production lines until demand warrants it.

After the buy-out of Peco in 1975, Schechter steered the company into a takeover in 1977 of Kolar Labs to diversify activities into cosmetics and pharmaceuticals formulation as well as packaging. It was not, however, a success.

Nevertheless, Schechter reckons the experience was not without its pluses and provided insight into the health care market and product manufacturing. The company subsequently moved into these areas with growing success.

Because the pharmaceutical industry is served by a host of contract packagers, Schechter's strategy has been to broaden Peco's base in a way which gives it a measure of independence from its customers while at the same time providing these same customers with facilities and, equally important, packaging design ideas, new concepts of packaging and the machinery to do the job.

Last month the company reported earnings in the first quarter to November 20 1992, up 45 per cent to \$744,000. In that period Peco took on considerably more work as a result of the Tylenol poisoning scare because it had tamper-proof packaging capacity.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

VAT purchases

In the course of the past 18 months I have converted an old police station into suites of offices. I have carried out much of the conversion work myself, and have purchased the materials on which I have been charged VAT. The local VAT office tells me that I cannot recover VAT on the materials purchased. This seems to conflict with the description of our rating in leaflet No. 715 "Construction industry alterations and repairs and maintenance."

What is the procedure for appealing against this ruling? I am not VAT registered.

The local VAT office is correct. There is no way in which you can recover VAT on materials purchased. The zero rating rules described in the leaflet to which you refer apply to goods or services provided by VAT registered traders. If such a person performs services which include the alteration of a building and, this alteration is not a work of repair or maintenance the services will be zero rated. Certain goods supplied in the course of such services will also be zero rated. If you purchase goods on your own account the VAT charged cannot be recovered even if these goods are used by a VAT registered trader to make alterations to your property.

Krugerrands

Six years ago I bought a quantity of Krugerrands, as a personal investment, declaring them as an acquisition for Capital Gains Tax purposes. I have not traded in them.

In the past year I have set up a trading enterprise and intend to transfer the coins into my trading stock. Will I be liable for CGT based on the current value at the date of transfer?

The appropriation of the Krugerrands to trading stock constitutes a deemed disposal for CGT purposes, under section 122(1) of the Capital Gains Tax Act 1979. However, if you wish, the potential chargeable gain can be negated, by deducting it from the opening valuation in your Case 1 computations, by virtue of sub-section 3.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Check in. Cheque out.

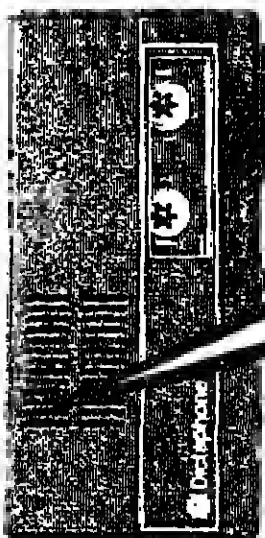
Factoring with H & H means instant cash against your company's sales invoices.

Why not check in today?
Head Office: Tel: 01-681 2641

Offices in: Manchester - 061-228 2344 Bristol - 0272-20298 Glasgow - 041-226 4124

H & H FACTORS
The independent factor in business.

How about a free portable with a desk-top machine?



Sounds perfect!

If you're using a dictation machine more than six years old you're giving your secretary problems she doesn't deserve.

Perhaps you haven't realised how much easier we've made her working life?

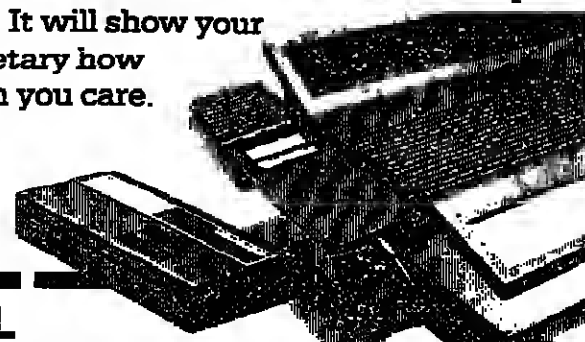
Today's desktops scan the entire tape without having to playback. She can spot the snags, plan the work, even count the number of lines each letter needs. And the playback sound is crystal clear.

Dictaphone
A Pitney Bowes Company

Why not let us prove it with a demo?

There's even an incentive. We'll give you a free compatible portable (worth up to £135 RSP) when you purchase one of our latest top of the range desktops. The only condition is that you must trade in an older machine. It can be any type or make.

This is a limited offer so use the coupon now. It will show your secretary how much you care.



DICTAPHONE FREE DICTATION DEAL

To Dictaphone Company Ltd, Regent Square House, The Parade, Leamington Spa, Warwickshire CV32 4NL. I would like a free portable dictator. Please arrange a demonstration of your latest desktop machines.

Name Company Tel no. FT16.2.83

Address Tel no.



Leipzig Fair
German Democratic Republic

13/19 March 1983

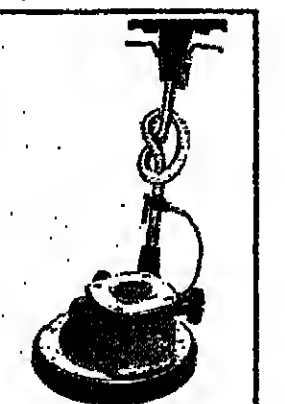
Programmed Productivity with Microelectronics

This will be the dominant theme of Leipzig Fair, the world-renowned trade event in the German Democratic Republic, this year. In almost every product branch of the Fair the leading role of microelectronics in today's new industrial revolution will be both reflected and demonstrated.

World-famous companies will be contributing their latest advances in technology to the display, making Leipzig, the dynamic, unique multi-branch Fair, even more valuable to hundreds of thousands of visitors from all over the world, both commercially and in the fields of technological research and development.

The doorway to the stable market of the CMEA countries and ideal centre of East-West trade, Leipzig offers wide ranging opportunities to expand existing business relations and to initiate new ones.

Reserved accommodation bookable in the UK. Inclusive arrangements and fly-drive facilities available, using direct flights by British Airways. Further information from Leipzig Fair Agency, Dept. FT2, 20 Conduit Street, London W1R 9TD Tel: 01-493 3111.



DON'T FORGET NILFISK
the world's most reliable floor maintenance equipment for commerce & industry

To: Nilfisk Ltd, Bay St Edmunds, Suffolk IP21 3SE. Tel: 0294 63163. Telex: 611700. Please send me more information.

Name FT 16/2

Company

Address

NILFISK
The world's largest manufacturer of floor maintenance equipment.

WASHINGTON. ON YOUR MARKS!

To help sports goods manufacturers like Nike get on the right track, the Washington Development Corporation provided a Complete Relocation Package, including comprehensive information on schools, housing, transport, recreation, the Arts and workforce in the Washington New Town development.

If you want a run of success, phone or write to Norman Batchelor, Washington Development Corporation, Usworth Hall, Washington, Tyne & Wear. Tel: (0632) 463591. Telex: 537210 DC WASH G.

Washington. In a word, success!



Pr.R.	125.4	180.3
* *	50.98	0.97
TOTALS		
Spence	125.4	180.3
Spence	50.98	0.97

SECTION III CONTENTS

NEW YORK STOCK EXCHANGE 28-29
AMERICAN STOCK EXCHANGE 29-30
WORLD STOCK MARKETS 30
COMMODITIES 31
LONDON STOCK EXCHANGE 32-33
CURRENCIES 34

SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Wednesday February 16 1983

WALL STREET

**A hesitant
hover
above 1,100**

AN UPWARD path for New York share prices was maintained for much of the session yesterday, and the Dow Jones industrial average succeeded, after one false start, in penetrating the 1,100 barrier which had been surpassed only once previously.

But an afternoon retreat left the Dow exactly four points lower at 1,093.10 on volume of some 89m shares, still comparatively low but up from the 72.6m on Monday.

Industrial shares made a brisk start, encouraged by signs of renewed demand for IBM, which quickly pushed through the \$100 mark to reach \$100.4. IBM is often regarded as a barometer of the market's mood.

Other technology stocks responded to IBM's advance. National Semiconductor, Tymshare and Control Data all attracted buyers. IBM quickly established itself as volume leader, and analysts saw its success in breaking the \$100 mark as significant for the rest of the market.

An initial rise petered out as the Dow approached 1,100 - a level which had previously brought out what appeared to

be programmed selling orders. However, prices then resumed their advance.

But this proved unable to be sustained and the downturn was reflected in an eventual steady decline in IBM which ended at \$98.4. Again, the other technologies responded accordingly.

Mr Charles Lewis, vice-president at Shearson-American Express, said short covering was the missing ingredient which continued to depress volume.

The credit markets, meanwhile, had lost much of their early gains by mid-session as the Fed Funds rate moved upward and retail buying support dwindled. After averaging 8.49 per cent on Monday, the funds opened at 8 1/2 per cent and reached 8 3/4 per cent at one stage as the Fed declined to intervene with additional reserves.

Mild upward pressure was also being exerted by settlement yesterday of the three-part \$14.5bn February Treasury refunding.

The benchmark Treasury 10% per cent bonds due 2012, reopened as part of this programme, were oscillating between 94 1/4 and 95 1/4, either side of Monday's levels. Neither was there any clear direction evident in trading in the other components of the package - the 9 1/2 notes of 1986 rose 1/4 to 99 1/4 while the 10% per cent notes due 1993 were off 1/4 to 100 1/4 by midday.

Yields on the Treasury bills auctioned late on Monday were heading lower, however. The new three-month bills were off from an average auction yield of 8.256 per cent to a secondary market rate of 8.22 per cent, and the six-month bills from 8.389 to 8.35 per cent.

Elsewhere, City Investing sold \$150m of 20-year sinking fund debentures to Drexel Burnham Lambert at \$91.539 and carrying a 12% per cent coupon. Drexel, which plans to reoffer the securities in the market from time to time, gave the net interest cost as 13.75 per cent.

Gold shares trailed behind a steady if cautious advance in Toronto, while other metals and minerals fared well, as did the oil and gas sector. Volume was fairly heavy there and in Montreal, where industrial, banks and utilities all showed strength.

LONDON

**Gilts take
on greater
allure**

EQUITIES, which for many weeks have dominated London trading, finally bowed to renewed interest in Government securities yesterday. This sector's run of rising values was extended to a seventh session, and the movement drew greater attention from investors, recently concentrating chiefly on first and second-line industrial shares.

Brighter prospects for lower international interest rates remained the basic stimulant, with the pound's performance in foreign exchange markets an additional aid.

The volume of trade in gilt-edged improved as overseas investors vied with domestic institutions to obtain stock. Supplies of longer-dated issues became noticeably short, in the absence of recent official sales. The area is currently free of Government top stock. As a result, yesterday's gains were the largest in the recent advance extending to 1 1/2 points before being shaved finally to around 1%.

Medium-dated gilts rose about a point and even the shorts managed to shrug off the recent adverse effects of new funding arrangements. But improvements there were limited to around 1/4.

Index-linked issues continued to move conversely, as holders' attempts to switch to conventional gilts found dealers adequately supplied and reluctant to take more stock on their books. Losses ranged to a full point - Treasury 2% per cent 2011 fell that much to 106%.

Equity markets were not without early excitement. The deferral of Associated British Ports' debut for 24 hours - the result of a postal delay for some successful allotment letters - unquestionably caused the highest surprise. Dealings will begin in the shares this morning. Wall Street's overnight upsurge to an all-time high influenced London markets but the effects faded before reviving later.

With one or two exceptions, leading shares moved narrowly throughout, until hardening after the official close. The FT Industrial Ordinary share index was held to within a range of 2.4 points in the earlier counts, and closed 1.2 up on balance at 861.9.

AUSTRALIA

Resources sold

MARKDOWNS in the resource sector came sharply in the last hour of Sydney trading as New York investors took profits, particularly in blue chip mining issues. In contrast, wide gains were registered among industrials.

MIM was 20 cents off at A\$4.02, CRA 12 cents at A\$3.80 and Bougainville Copper 10 cents at A\$2.30, but BHP managed a six cent gain to A\$6.56.

Gold was a firm spot, with 10 cent advances for GML at A\$12.70 and Peko at A\$8.50.

A parcel of 3.3m shares in Leighton Holdings, a contracting and property concern, was sold reportedly by Mr Robert Holmes a Court's Bell group. This followed an off-market sale of 1.83m units on Monday.

In Melbourne, Elders was steady after boosting interim profits 79 per cent to A\$29m.

SOUTH AFRICA

Rate impetus

PRIME RATE cuts by the main South African banks gave substantial impetus to Johannesburg share values, already buoyed by a stronger hullion price for gold.

The banks were somewhat higher despite an uncertain profits outlook. Barclays National, which led the one-point cut to a 16 per cent rate, added 25 cents to R15.50.

Of the gold heavyweights, Randfontein Estates improved R5.50 to R173.50 and Vaal Reefs R3 to R144.50. Mining financials followed in their wake, with Anglo-American 50 cents ahead at R22.70 and De Beers 15 cents at R9.05.

Large parcels changed hands in Anglos and in Sentrachem, the chemicals manufacturer, but brokers could give no specific explanation.

EUROPE

**Confidence
crosses
the Atlantic**

WALL Street's surge on Monday provided a boost for investors throughout much of Europe. As U.S. shares rose in very active European trading yesterday, a dealer at Lehman Brothers in London said investors were setting their sights at the 1,100 level on the Dow Jones industrial average.

The encouragement, which enhanced values of domestic stocks, stemmed from the more positive data emerging on the U.S. economy. Some bourses moved against the firmer trend, however, particularly Brussels and Madrid.

Amsterdam saw prices higher in a very active market and all indices achieved their highest level for this year. The ANP-CBS general index rose 1.20 points to an eight-year high of 111.

Dutch internationals were the weakest sector, as a result of the lower dollar, though Akzo and Hoogovens were F1 1.20 higher each at F1 45.50 and F1 18 respectively. Royal Dutch, however, fell 60 cents to F1 98.90.

In the bond market prices rose 20 to 30 points on average in quiet trading.

Selective local and foreign interest left leading shares higher in Zurich. Among financials Oerlikon-Buehler firmed SwFr 15 to SwFr 1,345 but in transports Swissair retreated SwFr 13 to SwFr 780. Banks remained irregular, thought with a firmer bias.

Among chemicals Ciba-Geigy rose SwFr 15 to SwFr 1,795 but Sandoz was off SwFr 125 at SwFr 4,800 and unofficially traded Hoffmann-La Roche lost SwFr 25 to SwFr 7,875. There too, bond market continued its steady trend and closed slightly higher in moderate volume.

In Frankfurt, the 100-share Frankfurt Allgemeine Zeitung index rose to a four-year high of 260.01 from Monday's 259.36. The Commerzbank index - computed in Düsseldorf - was at its highest since May 1979. It reached 779.9, up 0.6 from Friday, its last computed close.

The boost was aided by a stronger D-Mark and growing optimism that the conservative CDU and CSU parties will head the Government after the Federal elections on March 8.

Steel concern Klöckner-Werke remained a weak feature, falling DM 4.80 to a two-year low of DM 39 on continued uncertainty over its financial position. However, the company dismissed as speculation press reports that it could be facing liquidity problems in March.

A buoyant mood emerged in Paris as stocks advanced across a broad front in active trading. Stores were the best performers. Construction, engineering, ho-



tel, electrical and chemical shares also gained ground.

Technical factors affecting monthly settlement operations boosted Milan, but buying initiatives from institutional investors also contributed.

Banks improved but major industrials were mixed. Olivetti gained L235 to L2,795 after reporting increased sales and predicting a rise in 1983 profits. The Banca Commerciale index finished up 1.4 at 202.01.

Domestic share prices closed slightly lower in Brussels though foreign shares tended higher in lively trading. Chemicals performed generally well with Tessenderlo up BFR 42 at BFR 1,112, but steels were depressed.

Madrid had a negative session, with all sectors affected. The general index dropped 0.90 points to 102.52.

In Stockholm, prices firmed in large turnover with operators seeing prospects of improved 1983 company results emerging from accounts published recently. Of the car makers Volvo gained SKr 2 to SKr 338 while Saab-Scania rose SKr 12 to SKr 269.

FAR EAST

**A golden
opportunity
fades away**

AFTER a strong advance, which took the Nikkei-Dow Jones market average 45.80 ahead at the end of the morning session, Tokyo gave up most of the improvement to close just 3.40 up on the day at 8,135.42.

The Stock Exchange index dipped 0.06 to 590.49 in trading volume of 620m shares. Mining issues surged, with Sumitomo Metal Mining up Y80 at Y 1,480 and Mitsui Mining and Smelting Y22 ahead at Y660.

Blue chips eased on concern over the high level of margin buying positions. International populars rose at the outset, in line with Wall Street's strong gains and the yen's firmness against the dollar, but eased later.

Computer-makers, steels, cars and drugs fell in light trading, but non-ferrous metals, shipping lines, electric power companies, property companies and textiles gained ground.

The advance for mines began after a Japanese press report that one of Sumitomo's mines contained more gold than expected, and at one stage the company's shares were Y160 up. The late afternoon fall from the day's high came after a Sumitomo denial of the report. Traders said that profit-taking pressure was also considerable.

Toyota finished unchanged at Y988 after a sharp early rise on the formal announcement that it is to produce cars jointly with General Motors in the U.S. Nissan eased Y3 to Y760.

Despite the firmer yen, oils fell on profit taking, with Nippon Oil losing Y35 to Y995. However, electric power companies were given a boost by the currency's gains, and Tokyo Electric added Y20 to Y1,100.

Domestic bond prices were slightly firmer, again as a result of the stronger yen, but trading was moderate with only a few buyers to be found.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Feb 15	Previous	Year ago
DJ Industrials	1093.10	1097.10	833.81
DJ Transport	477.53	480.94	347.54
DJ Utilities	123.94	124.08	105.2
S&P Composite	148.29	149.93	114.38

LONDON	Feb 15	Previous	Year ago
FT Ind Ord	861.9	860.7	557.2
FT-A All-share	412.91	412.08	323.20
FT-A 500	447.8	447.11	341.79
FT-A Ind	420.76	420.72	313.02
FT Gold mines	734.7	712.5	274.8
FT Govt secs	79.78	79.21	64.83

TOKYO	Feb 15	Previous	Year ago
Nikkei-Dow	8135.42	8132.02	7694.18
Tokyo SE	590.49	590.55	569.46

AUSTRALIA	Feb 15	Previous	Year ago
All Ord	514.0	514.8	518.8
Metals & Mins.	456.2	465.1	370.7

AUSTRIA	Feb 15	Previous	Year ago
Credit Aktien	48.48	48.74	54.89

BELGIUM	Feb 15	Previous	Year ago
Belgian SE	105.83	106.01	97.56

CANADA	Feb 15	Previous	Year ago
Toronto Composite	2143.7	2136.9	1648.3

FRANCE	Feb 15	Previous	Year ago
CAC Gen	105.9	106.4	108.3
Ind. Tendance	110.3	109.6	118.7

WEST GERMANY	Feb 15	Previous	Year ago
FAZ-Aktien	260.01	259.36	227.0
Commerzbank	779.9	779.1	692.8

HONG KONG	Feb 15	Previous	Year ago
Hang Seng	931.4	931.4	1248.35

ITALY	Feb 15	Previous	Year ago
Banca Com.	202.01	200.51	189.57

NETHERLANDS	Feb 15	Previous	Year ago
ANP-CBS Gen	111.0	109.8	86.5
ANP-CBS Ind	97.3	96.5	68.3

NORWAY	Feb 15	Previous	Year ago
Oslø SE	145.39	138.02	108.73

SINGAPORE	Feb 15	Previous	Year ago
Straits Times	798.8	798.6	729.97

SOUTH AFRICA	Feb 15	Previous	Year ago
Gold	1018.3	987.9	503.2
Industrial	838.7	836.1	710.0

SPAIN	Feb 15	Previous	Year ago
Madrid SE	102.52	103.42	106.43

SWEDEN	Feb 15	Previous	Year ago
J & P	1180.23	1138.68	608.24

SWITZERLAND	Feb 15	Previous	Year ago
Swiss Bank Ind	306.8	305.8	243.5

GOLD (per ounce)	Feb 15	Previous	Year ago
London	\$507.50	\$502.25	\$502.25
Frankfurt	\$511.00	\$501.50	\$501.50
Zürich	\$509.50	\$500.50	\$500.50
Paris	\$512.77	\$503.38	\$503.38
New York futures (Feb)	\$505.80	\$508.40	\$508.40

CURRENCIES

U.S. DOLLAR	Feb 15	Previous	Feb 15	Previous
£	1.5415	1.5385	-	-
DM	2.4065	2.4155	3.71%	3.72
Yen	233.75	235	360%	361%
FFr	6.8250	6.8425	10.52	10.53
SwFr	1.9940	2.0065	3.07%	3.09%
Guilder	2.6575	2.6675	4.10	4.10%
Lira	1385	1391%	2134%	2141
BFR	47.19	47.50	72.75	73.10
CS	1.2287%	1.2245	1.8865	1.8835

INTEREST RATES	Feb 15	Prev
Euro-currencies (three month offered rate)	11 1/4	11 1/4
£	2%	2%
DM	5 1/4	5%
FFr	23%	23%

FT London Interbank fixing (offered rate)	Feb 15	Prev
3-month U.S.	9 1/4	9%
6-month U.S.	9 1/4	9%
U.S. Fed Funds	8 1/4	8%
U.S. 3-month Cds	8.70	8.85
U.S. 3-month T-bills	8.22	8.24

FINANCIAL FUTURES	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
8% \$100,000 32nds of 100%	72-31	74-22	73-30	74-11
U.S. Treasury Bills (TMM)				
\$1m points of 100%	91.80	91.89	91.78	91.83
March Cert Deposit (TMM)				
\$1m points of 100%	91.16	91.27	91.14	91.17
LONDON				
Three-month Eurodollar				
\$1m points of 100%	90.88	90.92	90.85	90.81
20-year National Gilt				
£50,000 32nds of 100%	102-14	102-22	102-00	101-14
Three-month Sterling Deposit				
£250,000 points of 100%	89.47	89.54	89.47	89.50

LONDON COMMODITY MARKETS	Feb 15	Prev
Silver (spot fixing)	\$47.55p	\$47.95p
Copper (cash)	£1089	£1077
Coffee (March)	£1728	£1724
Oil (spot Arabian light)	\$29.62	\$29.72

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

U.S. Treasury Bills	Feb 15	Prev
Average discount yield at auction	8.5%	8.5%
8-Month Bill	8.5%	8.5%
3-Month Bill	8.5%	8.5%

Copper (cash)	£1089	£1077
Coffee (March)	£1728	£1724
Oil (spot Arabian light)	\$29.62	\$29.72

NEW YORK STOCK EXCHANGE CLOSING PRICES

WORLD GOLD

in 1983 & 1984

The fifth FT Gold conference to be held in Lugano, Switzerland on 22 and 23 June 1983 will stress the market production and investment outlook. The silver market and gold-silver price relationships together with monetary questions will also be analysed.

Robert Guy of Rothschilds will chair the first day and give the Opening Address. The speaker platform will be as authoritative as at previous meetings in this well-regarded series.

For further details please contact:
FINANCIAL TIMES CONFERENCE ORGANISATION
TELEPHONE: 01-621 1355
TELEX: LONDON 27347 FTCONF G

هكذا صنع القوم

Continued on Page 30

Continued from Page 28

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

Unctad fund looks set to be ratified

Brij Kindari looks at moves to revive depressed markets

Falling commodity prices have brought a \$21bn cut in Third World export incomes. The terms of trade of non-oil producing developing countries with western nations worsened by 25 per cent between 1977 and 1980, forcing them to cut imports from the west which ran at a yearly rate of 6 per cent between 1973-78 by more than 3.5 per cent between 1980-1982.

Unctad estimates that without any remedial measures Third World export earnings will fall by nearly \$61bn between 1980-85 with agricultural commodities accounting for 83 per cent of the total. It has suggested an emergency plan to create temporary commodity agreements to prevent prices from dropping below agreed floors.

Cattle-smuggling solution sought

Soviet buyers ignore EEC butter offer

It is unlikely the commission will relax conditions immediately, but officials said yesterday the situation would have to be reviewed soon. The commission had invited tenders for up to 25,000 tonnes of surplus butter.

AMERICAN MARKETS

[illegible][illegible]

	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
High	76.50	78.25	77.70	75	76	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50
Low	77	77	79.48	77.00	78.17								
Close	76.50	76.50	74.50	76.50	76.50								
Open	85.00	85.00	85.00	85.00	85.00								
High	85.00	85.00	85.00	85.00	85.00								
Low	85.00	85.00	85.00	85.00	85.00								
Close	85.00	85.00	85.00	85.00	85.00								
Open	85.00	85.00	85.00	85.00	85.00								

SOYBEANS 5,000 bu min. cents/50 bushel.

	Close	High	Low	Prev
March	612.0	663.0	607.0	601.2
May	612.4	619.0	617.0	601.2
July	626.2	632.0	628.0	620.0
Sept	626.2	632.0	628.0	620.0
Nov	626.2	632.0	628.0	620.0
Dec	626.2	632.0	628.0	620.0
Jan	626.2	632.0	628.0	620.0
Feb	626.2	632.0	628.0	620.0
Mar	626.2	632.0	628.0	620.0
Apr	626.2	632.0	628.0	620.0
May	626.2	632.0	628.0	620.0
June	626.2	632.0	628.0	620.0
July	626.2	632.0	628.0	620.0
Aug	626.2	632.0	628.0	620.0
Sept	626.2	632.0	628.0	620.0
Oct	626.2	632.0	628.0	620.0
Nov	626.2	632.0	628.0	620.0
Dec	626.2	632.0	628.0	620.0
Jan	626.2	632.0	628.0	620.0
Feb	626.2	632.0	628.0	620.0
Mar	626.2	632.0	628.0	620.0
Apr	626.2	632.0	628.0	620.0
May	626.2	632.0	628.0	620.0
June	626.2	632.0	628.0	620.0
July	626.2	632.0	628.0	620.0
Aug	626.2	632.0	628.0	620.0
Sept	626.2	632.0	628.0	620.0
Oct	626.2	632.0	628.0	620.0
Nov	626.2	632.0	628.0	620.0
Dec	626.2	632.0	628.0	620.0
Jan	626.2	632.0	628.0	620.0
Feb	626.2	632.0	628.0	620.0
Mar	626.2	632.0	628.0	620.0
Apr	626.2	632.0	628.0	620.0
May	626.2	632.0	628.0	620.0
June	626.2	632.0	628.0	620.0
July	626.2	632.0	628.0	620.0
Aug	626.2	632.0	628.0	620.0
Sept	626.2	632.0	628.0	620.0
Oct	626.2	632.0	628.0	620.0
Nov	626.2	632.0	628.0	620.0
Dec	626.2	632.0	628.0	620.0
Jan	626.2	632.0	628.0	620.0
Feb	626.2	632.0	628.0	620.0
Mar	626.2	632.0	628.0	620.0
Apr	626.2	632.0	628.0	620.0
May	626.2	632.0	628.0	620.0
June	626.2	632.0	628.0	620.0
July	626.2	632.0	628.0	620.0
Aug	626.2	632.0	628.0	620.0
Sept	626.2	632.0	628.0	620.0
Oct	626.2	632.0	628.0	620.0
Nov	626.2	632.0	628.0	620.0
Dec	626.2	632.0	628.0	620.0
Jan	626.2	632.0	628.0	620.0
Feb	626.2	632.0	628.0	620.0
Mar	626.2	632.0	628.0	620.0
Apr	626.2	632.0	628.0	620.0
May	626.2	632.0	628.0	620.0
June	626.2	632.0	628.0	620.0

March	404.0	410.0	431.4	425.0
Peanut—Italian: 20-lb 3.50-5.00 Sugar				
Peanut—French: 7-lb 5.00 U.S. 10: 10.10				
Peanut—Calabrese Italian: 10-lb 3.00-				
3.50 French 5.00-5.50				
Tomatoes—Spanish: 6-kt 1.50 2.50;				
Canary: 1.50 3.50 Lettuce—Dutch: 5.00				
2.00 4.40 5.50 Canary—Spanish: 5.00				
6.00; Lettuce—French: 5.00 6.00				
Artichokes—Egyptian: 24's 6.00;				
Spanish: 24's 8.00 Aubergines—				
Canary: 5.50 5.50 Onions—Spanish: 5.00				
Grano 1.50 2.00 Onions—Canary:				
green 4.50 red 5.50 5.00 Brussels: red				
6.00 6.50 Cabbages—Dutch: red 3.00				
2.00 white 2.60 2.80 Courgettes—				
Canary: 3.00 3.50 Cucumbers—Spanish: 11-lb				
5.40; Dutch: 8.00 Chicory—Belgian:				
11-lb 2.20 Potatoes—Egyptian:				
Araruz 44-lb 4.70;				

INDUSTRIALS—Continued

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various industrial companies and their financial data.

LEISURE—Continued

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various leisure companies and their financial data.

PROPERTY—Continued

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various property companies and their financial data.

INVESTMENT TRUSTS—Cont.

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various investment trusts and their financial data.

OIL AND GAS—Continued

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various oil and gas companies and their financial data.

DAIWA SECURITIES advertisement with logo and contact information.

MINES—Continued

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various mining companies and their financial data.

MOTORS, AIRCRAFT TRADES

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various motor and aircraft trade companies.

SHIPPING

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various shipping companies.

SHOES AND LEATHER

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various shoes and leather companies.

SOUTH AFRICANS

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various South African companies.

TEXTILES

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various textile companies.

NEWSPAPERS, PUBLISHERS

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various newspaper and publishing companies.

PAPER, PRINTING

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various paper and printing companies.

TOBACCO

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various tobacco companies.

TRUSTS, FINANCE, LAND

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various trusts, finance, and land companies.

OVERSEAS TRADERS

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various overseas trading companies.

PLANTATIONS

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various plantation companies.

TEAS

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various tea companies.

MINES

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various mining companies.

Far West Rand

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various Far West Rand companies.

O.F.S.

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various O.F.S. companies.

REGIONAL AND IRISH STOCKS

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various regional and Irish stocks.

OPTIONS

Table with multiple columns: Stock, Price, % Chg, Div, Yield, etc. Lists various options.

Recent Issues and "Rights" Page 29

Text at the bottom right of the page regarding recent issues and rights.

